ANNUAL REPORT 2012

SUPERIOR MULTI-PACKAGING LIMITED

CONTENTS

OUR CORPORATE CREDO

To become a regional leader in the manufacturing of metal and flexible packaging through product and service excellence, continuous process improvements and research in new technologies.

CORPORATE PROFILE

ABOUT US

Listed on the Singapore Exchange Main Board, we specialise in the production of metal containers and flexible packaging materials.

CORE PRODUCTS

We produce metal packaging in the form of high-quality pails and cans for the paint, chemical, petrochemical, marine and edible oil industries and also offers customised metal printing services.

We also manufacture a wide range of customised flexible packaging materials for the food and beverage, healthcare and pharmaceutical and other industries.

OUR FUTURE

With our proven record in the industry coupled with excellent engineering capabilities, SMP is in a strong position to tap into future growth opportunities in the various industries we serve. Led by an experienced and dedicated management team, our Group continuously invests in research and development to refine our production processes and introduce new products and services.

COMMITMENT TO PRODUCT

QUALITY

GROUP FINANCIAL HIGHLIGHTS

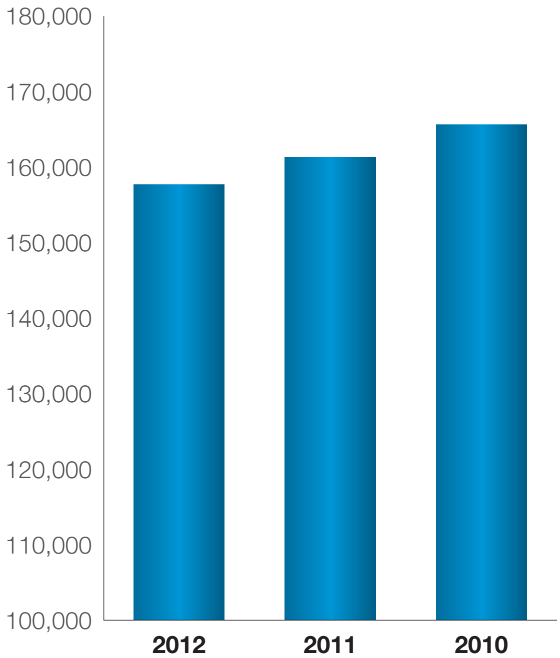
	2012	2011	2010
For The Reporting Year – Exclude Discontinued Operations (in S$'000)			
Revenue	**157,698**	161,360	165,660
Profit before tax	**(12,050)**	2,735	6,275
Profit after tax	**(11,539)**	2,221	4,562
Profit attributable to owners of the parent	**(11,450)**	2,264	4,570
Earnings per share (in cents) #	**(3.08)**	0.62	1.59

	2012	2011	2010
At Year End (in S$'000)			
Current assets	**83,500**	103,788	101,175
Current liabilities	**46,361**	58,194	64,709
Net current assets	**37,139**	45,594	36,466
Net debt/(cash)	**19,916**	20,894	25,789
Total equity	**70,667**	85,359	82,036
Net tangible assets	**70,469**	82,986	79,615
Net assets value per share †	**18.47**	23.08	22.54
Net debt gearing ratio (%)	**28.18**	24.48	31.44

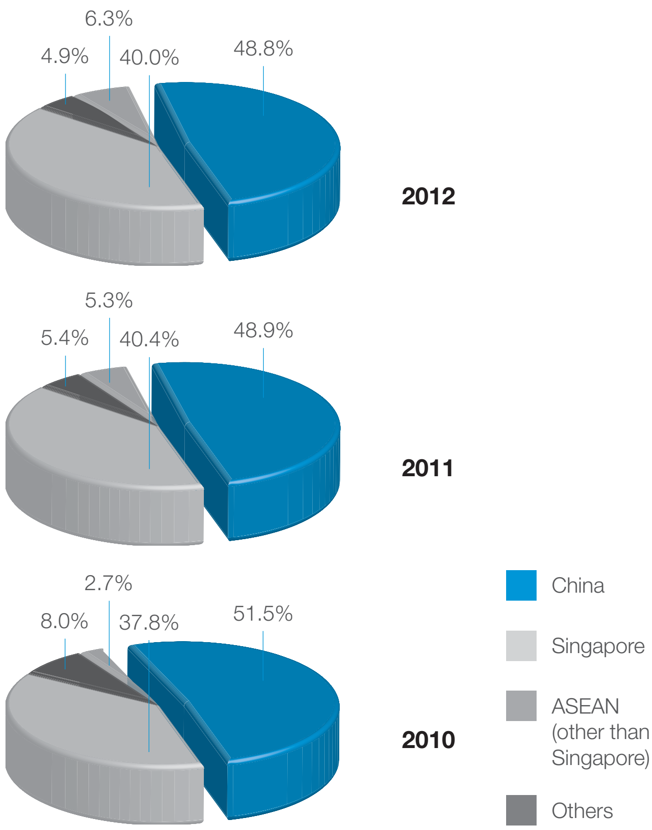
\# Earnings per share for FY2012 is computed based on the weighted average number of ordinary shares of 372,189,699 (FY2011 = 367,876,000, FY2010 = 287,488,000)

† Net assets value per share for FY2012 is computed based on the number of ordinary shares of 382,706,000 (FY2011 = 369,656,000, FY2010 = 363,756,000)

GROUP REVENUE (S$'000)



REVENUE BY GEOGRAPHICAL LOCATION OF END CUSTOMERS (%)



CLIENTS' SATISFACTION IS THE KEY TO OUR

SUCCESS

CORPORATE STRUCTURE

SUPERIOR MULTI-PACKAGING LIMITED

- 100% SUPERIOR INVESTMENTS HOLDINGS PTE LTD
  - 100% SUPERIOR CANS & PAILS CONTAINERS (PUNE) PVT. LTD
- 100% KUNSHAN HUADE METAL PACKAGING CONTAINER CO., LTD
- 100% SUPERIOR PRECISION MOULDS & PACKAGING CONTAINER (SHANGHAI) CO., LTD
  - 100% ZHEJIANG GAOTE METAL DECORATING CO., LTD
- 95% NEO TECH PACKAGING (SHANGHAI) CO., LTD
- 100% GUANGZHOU SUPERIOR MULTI-PACKAGING CO., LTD
- 100% SUPERIOR METAL PRINTING (HUIYANG) CO., LTD
- 100% SUPERIOR (LANGFANG) MULTI-PACKAGING CO., LTD
- 100% LANGFANG HUADE METAL PACKAGING CONTAINER CO., LTD
- 100% SUPERIOR (TIANJIN) MULTI-PACKAGING CO., LTD
- 100% SUPERIOR (CHENGDU) MULTI-PACKAGING CO., LTD
- 100% SUPERIOR MULTI-PACKAGING (VIETNAM) CO., LTD
- 100% SUPERIOR METAL PRINTING PHILS., INC

MESSAGE TO SHAREHOLDERS

We will focus on improving productivity, tightening of cost control measures, close monitoring of our businesses and alignment of our resources to strengthen our competitiveness.

Dear Shareholders,

On behalf of our Board of Directors, I would like to present you with the annual report of Superior Multi-Packaging Limited ("**SMP**") and its subsidiaries for the financial year ended 31 December 2012 (FY2012).

FY2012 OVERVIEW

Although economic conditions had improved somewhat in 2012, we continued to face escalating labour and raw material costs while demand remained soft. Specifically, we were affected by the volatility of housing and automotive demand in our key China market.

As such, our revenue dipped by 2.3% from S$161.4 million in FY2011 to S$157.7 million in FY2012.

Nevertheless, we remained steadfast in our commitment towards cost reduction and rationalization of our operations so as to improve our performance. As part of our business rationalization process, we put through a series of asset impairment following an in-depth management review as well as an impairment of goodwill arising from previous business acquisitions.

Due to these one-off charges, we reported a S$11.5 million net loss in FY2012 compared to a S$1.8 profit in the previous financial year.

Despite the above, our financial position remains strong as we generated S$7.4 million in net operating cash flow while our net gearing ratio stood at a reasonable 28.2% as at 31 December 2012 (31 December 2011: 24.5%).

REALIZING SHAREHOLDER VALUE THROUGH GENERAL OFFER BY CROWN SPECIALITY PACKAGING INVESTMENT PTE. LTD.

On 31 August 2012, CROWN Speciality Packaging Investment Pte. Ltd. ("**CROWN Speciality**") launched a voluntary conditional cash offer to acquire all the issued and paid up ordinary shares of SMP at S$0.14 per share (the "**Offer**"). The ultimate parent company of CROWN Speciality is Crown Holdings, Inc. ("**Crown Holdings**").

Crown Holdings is listed on the NYSE and is a leading manufacturer of packaging products for consumer marketing companies around the world and is engaged in the design, manufacture and sale of packaging products for consumer goods.

Through the Offer, SMP shareholders had the opportunity to realise their investments in SMP for a cash consideration at an attractive premium over the historical transacted prices of SMP shares. As a point of illustration, the Offer price was a 54.5% premium over the volume weighted average price of SMP shares for the three month period prior to and including the last trading day on 14 August 2012.

The Offer became unconditional on 28 November 2012 and as at 31 December 2012, CROWN Speciality held approximately 85.13% of the issued share capital of SMP. This marked an important milestone in SMP's corporate history.

GOING FORWARD

With continuing inflationary pressure, SMP is expected to face volatility in raw material prices, energy cost and labour cost.

Notwithstanding these challenges, we will focus on improving productivity, tightening of cost control measures, close monitoring of our businesses and alignment of our resources to strengthen our competitiveness.

With CROWN Speciality on board, there will be opportunities for SMP to leverage on the know-how of the CROWN Group to expand SMP's operations synergistically while streamlining unnecessary expenses.

APPRECIATION

On behalf of SMP, I would like to take this opportunity to express my heartfelt appreciation to all the shareholders and customers for their support as well as loyalty over the years. In addition, I would like to thank our employees and business associates for their invaluable contributions.

Last but not least, I would like to express my gratitude to my fellow Board Members and management team for their steadfast commitment as we chart a new road map for SMP's continued progress.

Salaerts Jozef
Non-Executive Chairman

BOARD OF DIRECTORS

01

MR SALAERTS JOZEF

Non-Executive Chairman

Mr Salaerts was appointed the Group's Non-Executive Chairman in November 2012. He is the President of Crown Holdings, Inc.'s Asia-Pacific Division. Crown Holdings, Inc. is a worldwide leader in the design, manufacture and sale of packaging products for consumer goods and is listed on the New York Stock Exchange.

Mr Salaerts has graduate degrees in Applied Economics and Commercial Engineering from the University of Antwerp, Belgium and is a CPA Belgium.

02

MR GOH HOCK HUAT

Non-Executive Director

Mr Goh was appointed the Group's Non-Executive Director in November 2012. He is the Senior Vice President, Finance and Human Resource and Chief Financial Officer of Crown Holdings, Inc.'s Asia-Pacific Division.

Mr Goh has a graduate degree in Commerce from the University of Otago, New Zealand and is a CPA Singapore.

03

MR KHONG HENG KIN

Independent & Non-Executive Director

Mr Khong was appointed to the Board as an independent and Non-Executive Director in November 2012. He is also the Chairman of the Nominating Committee and Executive Resource and Compensation Committee and member of the Audit Committee. Mr Khong has a professional diploma in Accountancy from Singapore Polytechnic and is a FCPA Singapore and FCPA Australia.

04

MR LYE THIAM FATT JOSEPH VICTOR

Mr Victor Lye has over 25 years' operational and strategic leadership experience in public policy, investment analysis, equities sales, corporate finance, direct investments, asset management and insurance.

Mr Lye has a First Class Honours degree in Economics from the University of Adelaide under a Colombo Plan Scholarship. He is a Chartered Financial Analyst and a Certified Financial Planner.

05

DR LOH HAN TONG

Dr Loh Han Tong is an Associate Professor in the Mechanical Engineering Department at the National University of Singapore (NUS). He is currently the Director of the Bachelor of Technology Programme at the Faculty of Engineering in NUS.

Associate Professor Loh holds a doctorate in Mechanical Engineering from the University of Michigan at Ann Arbor, USA. He was a Colombo Plan Scholar and a NUS Overseas Postgraduate Scholar. He also had been a Visiting Scholar at Stanford University and a Fellow of the Singapore MIT Alliance.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Salaerts Jozef
(Non-Executive Chairman)

Mr Goh Hock Huat
(Non-Executive Director)

Dr Loh Han Tong
(Non-Executive Director)

Mr Khong Heng Kin
(Independent & Non-Executive Director)

Mr Lye Thiam Fatt Joseph Victor
(Independent & Non-Executive Director)

EXECUTIVE COMMITTEE

Mr Salaerts Jozef *(Chairman)*
Mr Goh Hock Huat
Dr Loh Han Tong

AUDIT COMMITTEE

Mr Lye Thiam Fatt Joseph Victor *(Chairman)*
Mr Goh Hock Huat
Mr Khong Heng Kin

NOMINATING COMMITTEE

Mr Khong Heng Kin *(Chairman)*
Mr Salaerts Jozef
Mr Lye Thiam Fatt Joseph Victor

EXECUTIVE RESOURCE AND COMPENSATION COMMITTEE

Mr Khong Heng Kin *(Chairman)*
Mr Salaerts Jozef
Mr Lye Thiam Fatt Joseph Victor

JOINT COMPANY SECRETARIES

Ms Juliana Lee Kim Lian
Ms Liew Meng Ling

REGISTRAR AND SHARE TRANSFER OFFICER

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: 6227 6660
Fax: 6225 1452

REGISTERED OFFICE

80 Robinson Road #18-03
Singapore 068898
Tel: 6436 4808
Fax: 6323 0922

COMPANY REGISTRATION NO.

197902249R

MAIN BANKERS

United Overseas Bank Ltd
DBS Bank Ltd
Oversea-Chinese Banking Corporation Ltd
Australia and New Zealand Banking Group Ltd
Malayan Banking Berhad

AUDITOR

RSM Chio Lim LLP
Certified Public Accountants Singapore
(Partner In Charge: Mr Lim Lee Meng)
Effective from year ended 31 December 2010

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance within the Company and its subsidiaries. The Company aims to comply with the recommendations of the Code of Corporate Governance 2005 ("Code") through effective self-regulatory corporate practices to protect and enhance the interests of its shareholders. This statement describes the Company's corporate governance processes and activities with reference to the Code. The Board is pleased to confirm that for the financial year ended 31 December 2012, the Company and its subsidiaries generally adhered to the principles as set out in the Code.

THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board effectively leads the Company, working together with the Management to achieve success for the Group. The Management remains accountable to the Board.

In addition to its statutory duties, the Board's principal functions are:

1. To provide guidance on and to approve the Group's strategic plans, key operational initiatives, major investments and divestments and funding requirements;

2. To approve the annual budget, review the performance of the business and to approve the release of the financial results of the Group to shareholders;

3. To provide guidance in the overall management of the business and affairs of the Group and to review Management's performance;

4. To set the framework for and to oversee the processes for risk management, financial reporting and compliance;

5. To set the Company's values and standards and to provide guidance to the Management to ensure that the Company's obligations to its shareholders and the public are met;

6. To approve the recommended framework of remuneration for the Board and key executives by the Executive Resource and Compensation Committee.

The Board is obliged to act in good faith and consider all times the interest of the Company.

The Company has adopted a set of approving authority limit, setting out the level of authorization required for specified transactions, including those that require Board approval.

Newly appointed directors will be briefed by the Management on the history and business operations and corporate governance practices of the Group. The Board is updated from time to time on changes to regulations and accounting standards which have a material bearing on the Company.

The Company will issue a formal letter of appointment to new directors setting out their duties and obligations when they are appointed.

To assist in the execution of its responsibilities, the Board has delegated decisions on certain Board matters to specialize Board Committees. Minutes of the Board Committee Meetings are available to all Board members.

During the year 2012, 3 scheduled Board Meetings were held. Ad hoc meetings are held when the circumstances require. Details relating to the number of board and committee meetings held in the year 2012 and the attendance of the Directors are set out on page 23 of this Annual Report.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

For the financial year ended 31 December 2012, the Board comprises five Directors, of which two of them are independent Directors.

CORPORATE GOVERNANCE

The Board is supported by various committees, namely, the Executive Committee, the Audit Committee, the Executive Resource and Compensation Committee and the Nominating Committee whose powers and duties are described below. The Board is able to exercise objective judgement independently from the Management and no individual or small group of individuals dominate the decisions of the Board. Non-executive Directors, when presented with proposals for their consideration, will evaluate the assumptions made by the Management and these Directors also provide guidance to Management on different aspects of the Company's business.

The Board is of the opinion that, given the scope and nature of the Group's operations, the size of the Board is appropriate for effective decision making.

The Board is made up of Directors who are qualified and experienced in various fields including manufacturing, engineering, business administration and accountancy. The profile of each of the Directors is provided on pages 10 and 11 of this Annual Report. Accordingly, the Board comprises persons, who as a group, have the necessary competencies to lead and manage the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The roles of the Chairman and the Chief Executive Officer are separate. This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman with the assistance of the Management ensures that there is effective communication with shareholders, encourages constructive relations between the Board and Management, as well as between Board members and promotes high standards of corporate governance.

For good corporate governance, the Board has appointed Mr Lye Thiam Fatt Joseph Victor as the Lead Independent Director of the Company.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an ongoing basis.

Board papers are generally sent to the Directors at least one week prior to meetings of the Board and these would ordinarily include:

1. Financial management reports;

2. Reports on performance of the Group (together with notes on any significant variances from the budget);

3. Papers pertaining to matters requiring the Board's decision; and

4. Updates on key outstanding issues, strategic plans and developments in the Group.

The Company circulates copies of the Minutes of the Meetings of all Board Committees (including the Executive Committee) to all members of the Board to keep them informed of ongoing developments within the Group.

Each Director has separate and independent access to the Company's senior management and the Company Secretary at all times. Should the Board, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the approval of the Chairman or the Chairman of the Committee requiring such advice) will be appointed at the Company's expense.

The Company Secretary attends all Board Meetings and is responsible for ensuring that Board procedures are followed. With the assistance of the Management and at the direction of the Chairman of the various sub-committees, the Company Secretary facilitates the information flow within the Board and its Committees and between senior management and the Non-executive directors. The Company Secretary also advises the Board on compliance with the terms of the Companies Act, Cap. 50 and the Listing Manual. The appointment and the removal of the Company Secretary are decisions taken by the Board as a whole.

BOARD COMMITTEES

Executive Committee

As of date hereof, the Executive Committee comprises:

Mr Salaerts Jozef (Chairman)
Dr Loh Han Tong (Member)
Mr Goh Hock Huat (Member)

The Executive Committee also formulates the Group's strategic development initiatives and provides direction on new investments, ongoing business operations and financial matters.

Executive Resource and Compensation Committee

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The Executive Resource and Compensation Committee comprises the following Non-executive Directors:

Mr Khong Heng Kin (Chairman)
Mr Lye Thiam Fatt Joseph Victor (Member)
Mr Salaerts Jozef (Member)

Majority of the Committee members are independent Directors. The Executive Resource and Compensation Committee is responsible for the administration of the Superior Multi-Packaging (2001) Executives' Share Option Scheme ("the Scheme") which is open to all full time employees of the Company or its subsidiaries holding the rank of Executive Officer and above as well as Non-executive Directors, subject to the approval of independent shareholders, controlling shareholders and their associates. The Scheme was amended on 30 July 2007 to include and incentivise more employees who perform executive functions in the Group, to provide greater flexibility in deciding the amount of options to be granted to categories of participants in a financial year as well as the flexibility in deciding the amount of options to be granted in a financial year.

On 29 April 2011, shareholders approved, inter-alia, the extension of the Scheme for a further period of 10 years from 25 May 2011.

Details of the Scheme are set out on pages 26 and 27 of this Annual Report.

The Executive Resource and Compensation Committee's role also includes reviewing and recommending to the Board an appropriate and competitive framework of the remuneration for the Board and key executives of the Group and to ensure that it is appropriate to attract, retain and motivate them to run the Group successfully. When the Committee deems it appropriate, it will appoint experts in the field of executive compensation to advise it.

In setting remuneration packages, the Executive Resource and Compensation Committee takes into account the performance of the Group as well as the Directors and key executives whilst aligning their interests with those of shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. The review of remuneration packages takes into consideration the long term interests of the Group. The review covers all aspects of remuneration including salaries, fees, allowances, bonuses, options and benefits-in-kind. The Committee's recommendations are submitted to the Board for approval. The payment of Directors' fees is subject to the approval of shareholders.

Service contracts for Executive Directors are for a fixed appointment period and do not contain onerous record claims. Executive Directors have in their service contracts a notice period of six months or less.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

CORPORATE GOVERNANCE

The remuneration of Directors of the Company for the year 2012 is set out below:

Directors of the Company	Fee %	Salary %	Bonus %	Allowances & Benefits %	Total %	No. of options outstanding as at 31 December 2012
Below $250,000:						
1 Prof Tan Chin Tiong [a]	100	–	–	–	100	–
2 Tay Puan Siong [b]	100	–	–	–	100	–
3 Goh Chuen Jin [c]	100	–	–	–	100	–
4 Evelyn Tan Ang Ang [d]	100	–	–	–	100	–
5 Salaerts Jozef [e]	100	–	–	–	100	–
6 Goh Hock Huat [f]	100	–	–	–	100	–
7 Khong Heng Kin [g]	100	–	–	–	100	–
8 Lye Thiam Fatt Joseph Victor [h]	–	–	–	–	–	–
9 Dr Loh Han Tong [i]	–	88	7	5	100	–
$250,000 to $500,000:						
10 Wang Gee Hock [j]	–	70	16	14	100	–

[a] Prof Tan Chin Tiong resigned on 8 January 2013.
[b] Tay Puan Siong resigned on 14 November 2012.
[c] Goh Chuen Jin resigned on 8 January 2013.
[d] Evelyn Tan Ang Ang resigned on 14 November 2012.
[e] Salaerts Jozef was appointed as Non-Executive Director on 14 November 2012.
[f] Goh Hock Huat was appointed as Non-Executive Director on 14 November 2012.
[g] Khong Heng Kin was appointed as Independent Non-Executive Director on 14 November 2012.
[h] Lye Thiam Fatt Joseph Victor was appointed as Independent Non-Executive Director on 8 January 2013.
[i] Dr Loh Han Tong resigned as Executive Director on 29 February 2012 and was re-appointed as Non-Executive Director on 8 January 2013.
[j] Wang Gee Hock resigned on 14 November 2012.

The remuneration of the key executives of the Company for the year 2012 are set below:

Key Executives of the Company	Salary %	Bonus %	Allowances & Benefits %	Total %	No. of options outstanding as at 31 December 2012
$250,000 to $500,000:					
1 San Meng Chee, Chris	70	19	11	100	–
Below $250,000:					
1 Wan Chee Meng [a]	83	–	17	100	–

[a] Wan Chee Meng was appointed CEO of the Company on 19 November 2012.

This grouping is done to maintain the confidentiality of the remuneration packages of the key executives.

No immediate family members of the Directors are or were employed by the Group.

Details of the Company's Share Option Scheme are set out in the Directors' Report on pages 26 and 27 of this Annual Report and note 24 to the Financial Statements.

Nominating Committee

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

To facilitate a formal and transparent process for the appointment of new directors, the Board has formed the Nominating Committee.

The Nominating Committee comprises:

Mr Khong Heng Kin (Chairman)
Mr Lye Thiam Fatt Joseph Victor (Member)
Mr Salaerts Jozef (Member)

All the Committee members are Non-executive Directors of the Company. The Chairman of the Committee is not directly associated with a substantial shareholder of the Company.

The Nominating Committee has written terms of reference and its role includes:

1. Making recommendations to the Board on all board appointments;

2. Re-nominating each individual Director having regard to the Director's contribution to the Group including attendance, preparedness, participation and candour;

3. Considering and determining on an annual basis, whether or not a Director is independent;

4. Deciding on how the Board's performance may be evaluated and propose objective performance criteria to the Board; and

5. Assessing the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board.

The independence of each Director is reviewed annually by the Nominating Committee based on the Code's definition of what constitutes an independent director.

The Nominating Committee is of the view that:

(a) Mr Salaerts Jozef, Dr Loh Han Tong and Mr Goh Hock Huat are not Independent Directors; and

(b) Although some of the other Directors have other board representations, the Nominating Committee is satisfied that these Directors are able to, and have, adequately carried out their duties as Directors of the Company. The Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled with the involvement of the Board members well in advance of the meeting dates.

Pursuant to the Articles of Association of the Company:

(i) One third of the Directors retire from office at every annual general meeting;

(ii) A Managing Director is subject to the same provisions as to retirement, resignation and removal as the other Directors of the Company;

(iii) Directors appointed during the course of the year must submit themselves for re-election at the next annual general meeting of the Company.

As the Board was constituted only recently, it may not be possible for the Nominating Committee to perform a full evaluation of the individual members of the Board and the effectiveness of the Board as a whole at this juncture. Nevertheless, the members of the new Board and various committees had convened and appropriately dealt with major issues that arose.

The search for new directors, if any, will be made through executive search companies, contacts and recommendations and shortlisted persons will be evaluated by the Nominating Committee before being recommended to the Board for consideration.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Accountability

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's and Group's performance, position and prospects. Through the circulation of the Minutes of the Executive Committee meetings, the Board is provided with information as to the Company's performance, position and prospects on a regular basis.

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee presently comprises:

Mr Lye Thiam Fatt Joseph Victor (Chairman)
Mr Khong Heng Kin (Member)
Mr Goh Hock Huat (Member)

Majority of the Committee members are independent Non-executive Directors, appropriately qualified to discharge their responsibilities. The members have had many years of experience in accounting, audit, business and financial management. The Board considers that the members of the Audit Committee are appropriately qualified to discharge the responsibilities of the Audit Committee.

The Audit Committee has written terms of reference. Specifically, the Audit Committee meets on a periodic basis to perform the following functions:

1. To assist the Board in the identification and monitoring of areas of significant business risks with the help of internal auditors;

2. To review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;

3. To review compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code, effectiveness of financial and accounting control systems and management of exposure to financial and business risks;

4. To review with the external and internal auditors their respective audit plans;

5. To review the internal auditors' reports and their evaluation of the Group's system of internal controls;

6. To recommend the appointment of auditors and to approve the remuneration and terms of engagement of the external auditors;

7. To review significant financial reporting issues and judgments to ensure the integrity of the financial statements;

8. To review the adequacy and effectiveness of the internal audit function;

9. To review the assistance given by the Company's officers to the internal and external auditors;

10. To review the Group's management reports before they are submitted to the Board;

11. To review the statement of financial position and consolidated statements of income and comprehensive income of the Group and other financial statements and other documents accompanying the same of the Company in addition to formal announcements relating to the Company's financial performance and thereafter to submit the same to the Board for approval; and

12. To review and where appropriate, approve interested person transactions.

The Audit Committee is also authorised to investigate any matter within its terms of reference. It has full access to the Management and the discretion to invite any Director or executive officer to attend its meetings. It also has reasonable resources to enable it to discharge its functions properly.

The Audit Committee has put in place a whistle-blowing policy by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Audit Committee had met with the external auditors, without the presence of the Company's management. This was to review the co-operation rendered by the Management to the external auditors, the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the external auditors.

The Audit Committee has undertaken a review of all non-audit services provided by the external auditors and in the Audit Committee's opinion, the provision of these services does not affect the independence of the external auditors. Please refer to note 10 of the Financial Statements for details of fees payable to the auditors in respect of audit and non-audit services. The Company complies with Rules 712 and 715 of the SGX-ST Listing Manual.

Internal Controls and Risk Management

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board acknowledges that it is responsible for the overall internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets. However, the Board and the AC recognize that no system of internal controls will preclude all errors, irregularities, material financial misstatements or loss, nor can it provide absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

Management has put in place and continues to review and enhance the Group's system of standard operating procedures and internal controls to ensure that sufficient checks and balances exist within the system. The AC ensures that these controls are effective by engaging an external consultant as the internal auditor. The internal auditor develops and works within the scope of an audit plan, which has been approved by the AC, to review and test the adequacy and effectiveness of such procedures and internal controls.

The independent external auditors will also in the course of the external audit, consider internal controls relevant to the Group's preparation and fair presentation of the financial statements. Material non-compliance and recommendation for improvement, if any, will be reported to the AC. The AC, with the participation of the Board, has reviewed the adequacy of the Group's internal controls that address the Group's financial, operational and compliance risk. The AC has also reviewed and will continue to monitor the effectiveness of the actions taken by the Management on the recommendations made by both the internal and external auditors in this respect.

Based on the audit reports and recommendations from the internal auditors and independent external auditors, the actions taken by the Management, the on-going review and continuing efforts at enhancing controls and processes, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls in place are adequate in meeting the needs of the Group in its current business environment.

INTERNAL AUDIT

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The Company has outsourced its internal audit function to a certified public accounting firm who meets the standards set by internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The primary objectives of the internal audit reviews are to help:

1. Assess whether adequate systems of internal controls are in place to protect the funds and assets of the Company and to control commitment and disbursement of expenditure and other outlay and to ensure such control procedures are complied with;

2. Assess whether operations of the business processes under review are conducted efficiently and effectively; and

3. Identify opportunities for improvement of internal controls.

The internal auditors report primarily to the Chairman of the Audit Committee. The Audit Committee ensures that the internal audit function has adequate resources and this standard is applied to all companies in the Group.

CORPORATE GOVERNANCE

The internal auditors plan its internal audit schedules in consultation with but independent of the Management. The audit plan is submitted to the Audit Committee for approval prior to commencement of the internal audit. The Audit Committee reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring of the implementation of the improvements required on internal control weaknesses identified.

COMMUNICATIONS WITH THE SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

(a) Communications with Shareholders

The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company are made to shareholders of the Company, in compliance with the requirements set out in the Listing Manual of the Singapore Exchange Securities Trading Limited with particular reference to the Corporate Disclosure Policy set out therein. In this respect, the Company announces its results to shareholders within the mandatory period. The Company does not practise selective disclosure of material information.

(b) Greater Shareholder Participation

At general meetings, shareholders of the Company are given the opportunity to air their views and ask Directors or Management questions regarding the Company. The Board and Management are present at these meetings to address any questions that shareholders may have. The external auditors are also present to assist the Board in addressing queries by shareholders.

The Articles allow a member of the Company to appoint one or two proxies to attend and vote at general meetings. Separate resolutions on each distinct issue are tabled at general meetings.

Interested Person Transactions

The Company has established internal control policies to ensure that transactions with interested persons are properly reviewed, approved and conducted at arms' length basis.

During the year 2012, there were no interested person transactions.

Dealings in Securities

In line with the Rules of the SGX-ST's Listing Manual, the Company has adopted a policy prohibiting its officers from dealing in the Company's shares whilst they are in possession of unpublished material price sensitive information and during the period commencing one month before the announcement of the Company's half year and full year financial results and ending on the date of announcement of such financial results. In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

CORPORATE GOVERNANCE

Directors' Information

Name of Director	Date of Appointment	Date of Last Re-election as a Director	Other Committees	Academic and Professional Qualifications	Directorships and Other Major Appointments
Salaerts Jozef [f] (Non-executive Chairman)	14/11/2012	–	Chairman of the Executive Committee Member of the Nominating Committee Member of the Executive Resource & Compensation Committee	Certified Public Accountant (Belgium) Grad Degree – Commercial Engineer – Antwerp, Belgium Grad Degree – Applied Economics – Antwerp, Belgium	Directorships: CROWN Asia Pacific Holdings Pte. Ltd. CROWN Beverage Cans Singapore Pte. Ltd. CROWN Packaging Investment Pte. Ltd. CROWN Speciality Packaging Investment Pte. Ltd. CROWN Food Packaging (Thailand) Public Co. Ltd. CROWN Bevcan And Closures (Thailand) Co. Ltd. CROWN Foodcan (Hatyai) Co. Ltd. CROWN AP (Thailand) Company Ltd CROWN Beverage Cans Malaysia Sdn Bhd CROWN Beverage Cans Saigon Ltd CROWN Beverage Cans Hanoi Ltd CROWN Beverage Cans (Dong Nai) Ltd CROWN Beverage Cans Danang Ltd CROWN Beverage Cans Hong Kong Ltd CROWN Packaging Investment (H.K.) Ltd CROWN China Holdings (Hong Kong) Ltd CROWN Beverage Cans Beijing Ltd CROWN Beverage Cans Shanghai Ltd CROWN Beverage Cans Huizhou Ltd CROWN Beverage Cans Hangzhou Ltd CROWN Beverage Cans Putian Ltd CROWN Beverage Cans Heshan Ltd CROWN Beverage Cans Ziyang Ltd CROWN Beverage Cans Xinxiang Ltd CROWN Beverage Cans Changchun Ltd CROWN Beverage Cans Nanning Ltd Wuxi Huapeng Closures Co., Ltd. Foshan Continental Can Co. Ltd. Foshan Crown Easy Opening End Co. Ltd. CROWN Hanoi Investment Co. Ltd. CROWN Asia Pacific Investments (T) Ltd. CROWN Indo-China Investment Co. Ltd. CROWN Beverage Cans (Cambodia) Ltd CROWN Beverage Cans Sihanoukville Ltd P. T. Crown Closures Indonesia (Under members' voluntary liquidation)
Dr Loh Han Tong [g] (Non-executive Director)	08/01/2013	–	Member of the Executive Committee	PhD, University of Michigan (Ann Arbor) M. Eng, National University of Singapore B. Eng (Hons), University of Adelaide, Australia	Directorship: Yenom Industries Pte Ltd

CORPORATE GOVERNANCE

Name of Director	Date of Appointment	Date of Last Re-election as a Director	Other Committees	Academic and Professional Qualifications	Directorships and Other Major Appointments
Goh Hock Huat [h] (Non-executive Director)	14/11/2012	–	Member of the Executive Committee Member of the Audit Committee	C.M.A. – N.Z. CPA Singapore A.C.A. – N.Z. Bachelor of Commerce, University of Otago, N.Z.	Directorships: CROWN Asia Pacific Holdings Pte. Ltd. CROWN Beverage Cans Singapore Pte. Ltd. CROWN Packaging Investment Pte. Ltd. CROWN Speciality Packaging Investment Pte. Ltd. CROWN Food Packaging (Thailand) Public Co. Ltd. CROWN Bevcan And Closures (Thailand) Co. Ltd. CROWN Foodcan (Hatyai) Co. Ltd. Pet Containers (Thailand) Ltd. CROWN AP (Thailand) Company Ltd ZPJK Thailand Co., Ltd. CarnaudMetalbox Packaging Sdn Bhd CROWN Beverage Cans Malaysia Sdn Bhd CROWN Beverage Cans Saigon Ltd CROWN Beverage Cans Hanoi Ltd CROWN Beverage Cans (Dong Nai) Ltd CROWN Beverage Cans Danang Ltd CROWN Beverage Cans Hong Kong Ltd CROWN Packaging Investment (H.K.) Ltd CROWN China Holdings (Hong Kong) Ltd CROWN Beverage Cans Beijing Ltd CROWN Beverage Cans Shanghai Ltd CROWN Beverage Cans Huizhou Ltd CROWN Beverage Cans Hangzhou Ltd CROWN Beverage Cans Putian Ltd CROWN Beverage Cans Heshan Ltd CROWN Beverage Cans Ziyang Ltd CROWN Beverage Cans Xinxiang Ltd CROWN Beverage Cans Changchun Ltd CROWN Beverage Cans Nanning Ltd Wuxi Huapeng Closures Co., Ltd. Foshan Continental Can Co. Ltd. Foshan Crown Easy Opening End Co. Ltd. CROWN Hanoi Investment Co. Ltd. CROWN Asia Pacific Investments (T) Ltd. CROWN Indo-China Investment Co. Ltd. CROWN Beverage Cans (Cambodia) Ltd CROWN Beverage Cans Sihanoukville Ltd P. T. Crown Closures Indonesia (under members' voluntary liquidation)
Lye Thiam Fatt Joseph Victor [i] (Lead Independent Director)	08/01/2013	–	Chairman of the Audit Committee Member of the Nominating Committee Member of the Executive Resource & Compensation Committee	B. Economics (First Class Honours) – University of Adelaide, Australia Chartered Financial Analyst Certified Financial Planner	Directorships: Lion Land Ventures One Pte Ltd WMG Management Pte Ltd Singapore Chinese Orchestra Company Limited

CORPORATE GOVERNANCE

Name of Director	Date of Appointment	Date of Last Re-election as a Director	Other Committees	Academic and Professional Qualifications	Directorships and Other Major Appointments
Khong Heng Kin [j] (Independent Director)	14/11/2012	–	Member of the Audit Committee Chairman of the Nominating Committee Chairman of the Executive Resource & Compensation Committe	FCPA Singapore FCPA Australia	Nil.

Attendance at Board and Committee Meetings during the year 2012

Name	Board		Executive Committee		Audit Committee		Nominating Committee		Executive Resource and Compensation Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Prof Tan Chin Tiong [a]	3	3	4	4	–	–	1	1	1	1
Tay Puan Siong [b]	3	3	–	–	2	2	1	1	1	1
Wang Gee Hock [c]	3	3	4	4	–	–	–	–	–	–
Goh Chuen Jin [d]	3	3	–	–	2	2	1	1	1	1
Evelyn Tan Ang Ang [e]	3	3	4	4	2	2	–	–	–	–
Salaerts Jozef [f]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr Loh Han Tong [g]	3	1	4	1	N/A	N/A	N/A	N/A	N/A	N/A
Goh Hock Huat [h]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lye Thiam Fatt Joseph Victor [i]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Khong Heng Kin [j]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(a) Prof Tan Chin Tiong resigned on 8 January 2013.
(b) Tay Puan Siong resigned on 14 November 2012.
(c) Wang Gee Hock resigned on 14 November 2012.
(d) Goh Chuen Jin resigned on 8 January 2013.
(e) Evelyn Tan Ang Ang resigned on 14 November 2012.
(f) Salaerts Jozef was appointed as Non-Executive Director on 14 November 2012.
(g) Dr Loh Han Tong resigned as Executive Director on 29 February 2012 and was reappointed as Non-Executive Director on 8 January 2013.
(h) Goh Hock Huat was appointed as Non-Executive Director on 14 November 2012.
(i) Lye Thiam Fatt Joseph Victor was appointed as Independent Non-Executive Director on 8 January 2013.
(j) Khong Heng Kin was appointed as Independent Non-Executive Director on 14 November 2012.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

CONTENTS

The Directors of the Company are pleased to present their report together with the audited financial statements of the Company and of the Group for the reporting year ended 31 December 2012.

1. DIRECTORS AT DATE OF REPORT

The Directors of the Company in office at the date of this report are:

Salaerts Jozef	(Non-executive Chairman, appointed on 14 November 2012)
Goh Hock Huat	(Appointed on 14 November 2012)
Assoc Prof Loh Han Tong	(Appointed on 8 January 2013)
Khong Heng Kin	(Appointed on 14 November 2012)
Lye Thiam Fatt Joseph Victor	(Lead Independent Director, appointed on 8 January 2013)

2. ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the options rights mentioned below.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the reporting year had no interests in the share capital, debentures and options of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50 except as follows:

Name of directors and companies in which interests are held	Direct Interest At beginning of the reporting year	 At end of the reporting year	Deemed Interest At beginning of the reporting year	 At end of the reporting year
Superior Multi-Packaging Limited		**Number of Shares**		
Prof Tan Chin Tiong	215,000	1,015,000	225,000	225,000
Ultimate Parent Company **Crown Holdings, Inc**				
Common stock of US$5.00 each				
Salaerts Jozef	70,107	90,836	28	28

	Share Options to Subscribe for Shares At beginning of the reporting year	 At end of the reporting year
Superior Multi-Packaging Limited		
Prof Tan Chin Tiong	800,000	–
Crown Holdings, Inc		
Options over common stock of US$5.00 each		
Salaerts Jozef	50,000	50,000
Goh Hock Huat	40,000	40,000

The directors' interests as at 21 January 2013 were the same as those at the end of the reporting year, except for Prof Tan Chin Tiong, who was no longer a director as at 21 January 2013.

4. CONTRACTUAL BENEFITS OF DIRECTORS

Since the beginning of the reporting year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, Chapter 50, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

5. OPTIONS TO TAKE UP UNISSUED SHARES

The Superior Multi-Packaging (2001) Executives' Share Option Scheme ("Scheme") was approved by the members of the Company at an extraordinary general meeting held on 25 May 2001, which provide for the grant of incentive share options to employees and Non-executive directors. The modifications to the Scheme were approved on 30 July 2007.

On April 2011, members of the Company approved, inter-alia, the extension of the Scheme for a further period of 10 years from 25 May 2011.

As at the date of the report, the Scheme is administered by the Executive Resource and Compensation Committee which comprises the following members:

Khong Heng Kin	(Chairman)
Lye Thiam Fatt Joseph Victor	(Member)
Salaerts Jozef	(Member)

The details of options granted and exercised during the reporting year were as follows:

Name of Participants	Options Granted for Financial Year 31.12.2012	Aggregate Options Granted since Commencement of Scheme to 31.12.2012	Aggregate Options Exercised since Commencement of Scheme to 31.12.2012	Aggregate Options Lapsed since Commencement of Scheme to 31.12.2012	Aggregate Options Outstanding as at 31.12.2012
Directors of the Company					
– Wang Gee Hock [(a)]	–	3,000,000*	(3,000,000)	–	–
– Tay Puan Siong [(b)]	–	800,000	(800,000)	–	–
– Prof Tan Chin Tiong [(c)]	–	800,000	(800,000)	–	–
– Assoc Prof Loh Han Tong [(d)]	–	800,000	(800,000)	–	–
Executive officers					
– Others**	–	18,425,000	(14,175,000)	(4,250,000)	–
	–	23,825,000	(19,575,000)	(4,250,000)	–

* Represents 5% or more of the total number of options available under the Scheme.
** Others include executive officers, resigned directors and officers of the Company and its subsidiaries.
(a) Wang Gee Hock resigned on 14 November 2012.
(b) Tay Puan Siong resigned on 14 November 2012.
(c) Prof Tan Chin Tiong resigned on 8 January 2013.
(d) Assoc Prof Loh Han Tong resigned on 29 February 2012 and was re-appointed to the board on 8 January 2013.

5. OPTIONS TO TAKE UP UNISSUED SHARES (Cont'd)

The maximum lifespan of the options granted under the Scheme is 10 years for executives, and 5 years for Non-executive directors. There are no cash settlement alternatives. There are special provisions dealing with the lapsing or permitting the earlier exercise of options under certain circumstances including termination, bankruptcy, and death of the participant. The vesting period is two years. An option may be exercised in whole or in part, (i) after the first anniversary of the date of grant and if the subscription price is the market price; (ii) after the second anniversary of the date of grant if the subscription price is at a discount to the market price.

During the reporting year, 1,600,000 and 11,450,000 ordinary shares of no par value were issued for cash at $0.0813 and $0.063 respectively due to exercise of share options.

Since the commencement of the Scheme, no options have been granted to controlling shareholders of the Company or their associates. No participant under the Scheme has been granted 5% or more of the total options available under the Scheme, except as disclosed above. No options have been granted to directors and employees of the Company and its subsidiaries, except as disclosed above.

During the reporting year, no option to take up unissued shares of the Company or any subsidiary was granted.

During the reporting year, there were no shares of the Company or any subsidiaries issued by virtue of the exercise of an option to take up unissued shares except for those disclosed in the above paragraph.

At the end of the reporting year, there were no unissued shares of the Company or any subsidiary under option.

6. AUDIT COMMITTEE

The members of the Audit Committee at the date of this report are as follows:

Lye Thiam Fatt Joseph Victor	(Chairman of Audit Committee and Lead Independent and Non-executive Director)
Khong Heng Kin	(Independent and Non-executive Director)
Goh Hock Huat	(Non-independent and Non-executive Director)

The Audit Committee performs the functions specified by section 201B(5) of the Companies Act, Chapter 50. Among others, it performed the following functions:

- Reviewed with the independent external auditors their audit plan;
- Reviewed with the independent external auditors their evaluation of the Company's internal accounting control relevant to their statutory audit, and their report on the financial statements and the assistance given by the Company's officers to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures;
- Reviewed the financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited).

Other functions performed by the Audit Committee are described in the report on corporate governance included in the annual report and it includes an explanation of how independent auditor objectivity and independence is safeguarded when the independent auditors provide non-audit services.

The Audit Committee has recommended to the Board of Directors that the independent auditors, RSM Chio Lim LLP, be nominated for re-appointment as independent auditors at the next Annual General Meeting of the Company.

DIRECTORS' REPORT

7. INDEPENDENT AUDITORS

The independent auditors, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

8. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 25 February 2013, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On Behalf of the Directors

Salaerts Jozef
Director

Goh Hock Huat
Director

8 March 2013

STATEMENT BY DIRECTORS

In the opinion of the Directors,

(a) the accompanying consolidated statements of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the results and cash flows of the Group and changes in equity of the Company and of the Group for the reporting year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors approved and authorised these financial statements for issue.

On Behalf of the Directors

Salaerts Jozef
Director

Goh Hock Huat
Director

8 March 2013

INDEPENDENT AUDITORS' REPORT

To the Members of SUPERIOR MULTI-PACKAGING LIMITED (Registration No: 197902249R)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Superior Multi-Packaging Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2012, and the consolidated statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statements of profit or loss and other comprehensive income and statements of financial position and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and Certified Public Accountants
Singapore

8 March 2013

Partner in charge of audit: Lim Lee Meng
Effective from year ended 31 December 2010

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year Ended 31 December 2012

	Notes	Group 2012 $'000	Group 2011 $'000
Revenue	5	157,698	161,360
Cost of sales		(140,479)	(143,582)
Gross profit		17,219	17,778
Other items of income			
Interest income	6	42	81
Other credits	7	3,160	4,032
Other items of expense			
Distribution costs		(5,957)	(5,341)
Administrative expenses		(10,970)	(10,604)
Finance costs	8	(1,750)	(1,780)
Other charges	7	(13,794)	(1,431)
(Loss)/profit before tax from continuing operations		(12,050)	2,735
Income tax income/ (expense)	11	511	(514)
(Loss)/profit from continuing operations, net of tax		(11,539)	2,221
Loss from discontinued operations, net of tax	17	–	(436)
(Loss)/profit, net of tax		(11,539)	1,785
Profit attributable to:			
Owners of the Parent			
– (Loss)/profit from continuing operations, net of tax		(11,450)	2,264
– Loss from discontinued operations, net of tax		–	(452)
(Loss)/profit for the year attributable to owners of the parent		(11,450)	1,812
Non-controlling interests			
– Loss from continuing operations, net of tax		(89)	(43)
– Profit from discontinued operations, net of tax		–	16
Loss for the year attributable to non-controlling interests		(89)	(27)
(Loss)/profit, net of tax		(11,539)	1,785
Earnings/(Loss) per share			
Earnings/(Loss) per share currency unit		**Cents**	**Cents**
Continuing operations			
Basic	13	(3.08)	0.62
Diluted	13	(3.05)	0.61
Discontinued operations			
Basic	13	–	(0.12)
Diluted	13	–	(0.12)
Total			
Basic	13	(3.08)	0.50
Diluted	13	(3.05)	0.49

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2012

	Group	
	2012	**2011**
	$'000	**$'000**
(Loss)/profit, net of tax	(11,539)	1,785
Other comprehensive (loss)/ income for the year, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations, net of tax	(3,450)	2,256
Total comprehensive income for the year, net of tax	(14,989)	4,041
Other comprehensive (loss)/ income for the year, net of tax		
Owners of parent, net of tax	(14,900)	4,068
Non-controlling interests, net of tax	(89)	(27)
Total comprehensive (loss)/income for the year, net of tax	(14,989)	4,041

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2012

	Notes	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	44,763	53,311	13,179	15,239
Investments in subsidiaries	15	–	–	49,206	50,797
Intangible assets	16	254	2,340	–	–
Deferred tax assets	11	1,035	75	–	–
Total non-current assets		46,052	55,726	62,385	66,036
Current assets					
Assets of Disposal Group classified as held for sale	17	–	3,694	–	117
Inventories	18	29,068	38,384	12,206	16,256
Trade and other receivables	19	37,668	38,418	22,097	25,302
Other assets	21	4,652	6,441	245	297
Cash and cash equivalents	22	12,112	16,851	5,171	7,589
Total current assets		83,500	103,788	39,719	49,561
Total assets		129,552	159,514	102,104	115,597
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	23	56,965	55,619	56,965	55,619
Retained earnings		12,116	24,415	12,246	19,273
Other reserves	25	1,642	5,411	–	495
Reserve of Disposal Group classified as held for sale	17	–	(119)	–	–
Equity attributable to owners of the parent, total		70,723	85,326	69,211	75,387
Non-controlling interests		(56)	33	–	–
Total equity		70,667	85,359	69,211	75,387
Non-current liabilities					
Deferred tax liabilities	11	699	1,268	667	1,236
Finance leases	28	–	6	–	6
Other financial liabilities	27	11,825	14,687	11,825	14,687
Total non-current liabilities		12,524	15,961	12,492	15,929
Current liabilities					
Liabilities of Disposal Group classified as held for sale	17	–	3,912	–	–
Provisions	26	1,028	702	186	–
Income tax payable		236	125	–	50
Trade and other payables	29	24,894	30,403	11,421	15,042
Finance leases	28	6	75	6	75
Other financial liabilities	27	20,197	22,977	8,788	9,114
Total current liabilities		46,361	58,194	20,401	24,281
Total liabilities		58,885	74,155	32,893	40,210
Total equity and liabilities		129,552	159,514	102,104	115,597

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2012

Group	Share capital $'000	Statutory reserve $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Reserve of Disposal Group held for sale $'000	Retained earnings $'000	Attributable to parent sub-total $'000	Non-controlling interests $'000	Total equity $'000
2012									
Opening balance at 1 January 2012	55,619	4,188	495	728	(119)	24,415	85,326	33	85,359
Movements in equity:									
Dividends paid (note 12)	–	–	–	–	–	(554)	(554)	–	(554)
Proceeds from exercise of share options (note 23)	851	–	–	–	–	–	851	–	851
Exercise of share options (note 24)	495	–	(495)	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(3,450)	–	(11,450)	(14,900)	(89)	(14,989)
Transfer from retained earnings to statutory reserves	–	176	–	–	–	(176)	–	–	–
Disposal of Disposal Group (note 17)	–	–	–	–	119	(119)	–	–	–
Closing balance at 31 December 2012	56,965	4,364	–	(2,722)	–	12,116	70,723	(56)	70,667
2011									
Opening balance at 1 January 2011	55,021	3,821	749	(1,647)	–	24,032	81,976	60	82,036
Movements in equity:									
Dividends paid (note 12)	–	–	–	–	–	(1,104)	(1,104)	–	(1,104)
Proceeds from exercise of share options (note 23)	386	–	–	–	–	–	386	–	386
Exercise of share options (note 24)	212	–	(212)	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	2,256	–	1,812	4,068	(27)	4,041
Transfer from share option reserve to retained earnings (note 24)	–	–	(42)	–	–	42	–	–	–
Transfer from retained earnings to statutory reserves	–	367	–	–	–	(367)	–	–	–
Transfer to Disposal Group classified as held for sale (note 17)	–	–	–	119	(119)	–	–	–	–
Closing balance at 31 December 2011	55,619	4,188	495	728	(119)	24,415	85,326	33	85,359

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2012

Company	Share capital $'000	Share option reserve $'000	Retained earnings $'000	Total equity $'000
2012:				
Opening balance at 1 January 2012	55,619	495	19,273	75,387
Movements in equity:				
Dividends paid (note 12)	–	–	(554)	(554)
Proceeds from exercise of share options (note 23)	851	–	–	851
Exercise of share options (note 24)	495	(495)	–	–
Total comprehensive loss for the year	–	–	(6,473)	(6,473)
Closing balance at 31 December 2012	56,965	–	12,246	69,211
2011:				
Opening balance at 1 January 2011	55,021	749	19,003	74,773
Movements in equity:				
Dividends paid (note 12)	–	–	(1,104)	(1,104)
Proceeds from exercise of share options (note 23)	386	–	–	386
Exercise of share options (note 24)	212	(212)	–	–
Transfer from share option reserve to retained earnings (note 24)	–	(42)	42	–
Total comprehensive income for the year	–	–	1,332	1,332
Closing balance at 31 December 2011	55,619	495	19,273	75,387

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December 2012

	2012 $'000	2011 $'000
Cash flows from operating activities		
(Loss)/Profit before tax from continuing operations	(12,050)	2,735
Loss before tax from discontinued operations	–	(436)
(Loss)/profit before tax	(12,050)	2,299
Adjustments for:		
Depreciation of property, plant and equipment	5,524	5,702
Amortisation of other intangible assets	15	21
Reversal of provision	–	(469)
Interest income	(42)	(81)
Interest expense	1,750	1,857
Loss on disposal of property, plant and equipment	15	13
Accelerated depreciation of cylinders, moulds and toolings	1,614	–
Impairment allowance on plant and equipment	4,793	75
Impairment allowance on intangible assets	2,071	–
Allowance for impairment on trade and other receivables	1,296	113
Inventories written down	3,611	574
Provisions	326	–
Re-measurement loss recognised on Disposal Group classified as held for sale (note 17)	–	877
Net effect of exchange rate changes in consolidating foreign operations	(2,070)	992
Operating cash flows before changes in working capital	6,853	11,973
Changes in working capital, net of effects from acquisition and disposal of subsidiary:		
Trade and other receivables	(546)	1,073
Other assets	1,789	737
Inventories	5,705	228
Trade and other payables	(5,509)	143
Net cash flows from operations before interest and tax	8,292	14,154
Income taxes paid	(914)	(1,224)
Net cash flows from operating activities	7,378	12,930
Cash flows from investing activities		
Disposal of property, plant and equipment	398	388
Purchase of property, plant and equipment	(5,487)	(7,883)
Disposal of subsidiary, net of cash disposed (note 30)	(248)	–
Interest received	42	81
Net cash flows used in investing activities	(5,295)	(7,414)
Cash flows from financing activities		
Dividends paid to equity owners	(554)	(1,104)
Repayment of bank borrowings	(28,087)	(14,561)
Increase in new borrowings	22,445	14,126
Finance lease repayment	(75)	(76)
Net proceeds from share option exercise	851	386
Interest paid	(1,750)	(1,857)
Net cash flows used in financing activities	(7,170)	(3,086)
Net (decrease)/increase in cash and cash equivalents	(5,087)	2,430
Cash and cash equivalents, statement of cash flows, beginning balance	17,199	14,769
Cash and cash equivalents, statement of cash flows, ending balance (note 22A)	12,112	17,199

The accompanying notes form an integral part of these financial statements.

1. GENERAL

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore Dollars and they cover the Company (referred to as "parent") and the subsidiaries.

The Board of Directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the Company consist of the manufacture and sale of metal containers and flexible packaging materials. It is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries consist of the manufacture and sale of metal containers, plastic pails and flexible packaging materials and the manufacture, fabrication and sale of stainless steel products, as disclosed in note 15 to the financial statements.

The registered office is 80 Robinson Road #18-03, Singapore 068898.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of Presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its directly and indirectly controlled subsidiaries. The consolidated financial statements are the financial statements of the Group presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including profit or loss and other comprehensive income items and dividends are eliminated on consolidation. The results of any subsidiaries acquired or disposed of during the reporting year are accounted for from the respective dates of acquisition or up to the dates of disposal which effective control is obtained of the acquired business until that control ceases.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The Company's financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, no statement of income is presented for the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Preparation of the Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes, estimated returns and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Interest is recognised using the effective interest method.

Employee Benefits

Certain subsidiaries operate a defined contribution provident fund scheme, in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund are held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. Contributions are charged to profit or loss in the period to which they relate. This plan is in addition to the contributions to government managed retirement benefit plans such as the Central Provident Fund in Singapore which specifies the employer's obligations which are dealt with as defined contribution retirement benefit plans. For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have participated in a local municipal government retirement benefits scheme, whereby the subsidiaries in the PRC are required to contribute to a certain percentage to the basic salaries of its employees to this scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group.

Pursuant to the relevant regulations of India, gratuity shall be paid to an employee on the termination of his employment after the employees have rendered continuous service of not less than 5 years. As the subsidiary in India is incorporated in 2010, no provision for gratuity is required.

Share-Based Compensation

For the equity-settled share-based compensation transactions, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is determined by reference to the fair value of the options granted excluding the effect of non-market conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Fair value is measured using an option pricing model. The expected lives used in the model are adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each end of the reporting year, a revision is made on the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss, the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the reporting entity is able to control the timing of the reversal of the taxable temporary differences and it is probable that the taxable temporary differences will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Foreign Currency Transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of Financial Statements of Other Entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

The direct method is used whereby the financial statements of the foreign operations are translated directly into the functional currency of the parent Company.

Borrowing Costs

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold buildings and land use rights	–	1.67% to 5% per annum
Plant and equipment	–	6.67% to 10% per annum

Depreciation is not provided for assets under construction.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost is recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting year in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible Assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. This also applies to an internally generated intangible asset. Research expenditure is expensed when incurred. Development cost incurred relating to the design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be viable considering its commercial and technical feasibility and its costs can be measured reliably and there are sufficient resources to complete development. Where no internally generated intangible asset can be recognised, development cost is expensed when incurred. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

License – 20 years

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Segment Reporting

The Group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the Board of Directors or to cast the majority of votes at meetings of the Board of Directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's own separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value adjusted for any changes in the contingent consideration. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book value of a subsidiary is not necessarily indicative of the amounts that would be realised in a current market.

Business Combinations

Business combinations are accounted for by applying the acquisition method. There were none during the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-controlling Interests

The non-controlling interests in the net assets and net results of a consolidated subsidiary are shown separately in the appropriate components of the consolidated financial statements. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Impairment of Non-Financial Assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. When the fair value less costs to sell method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill

Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill (and also an intangible asset with an indefinite useful life or an intangible asset not yet available for use) are tested for impairment, at least annually. Goodwill impairment is not reversible in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or Groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or Groups of units. Each unit or Group of units to which the goodwill is allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assets Classified as Held for Sale

Identifiable assets, liabilities and contingent liabilities and any disposal Groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a Group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement. The depreciation on depreciable assets is ceased.

In addition, the results of discontinued operations are presented separately in profit or loss. A discontinued operation is a component of the business that represents a separate major line of business or geographical area of operations that has been sold, or classified as held for sale or has been abandoned. They are shown separately in profit or loss to classify them from continuing to discontinued operations.

Inventories

Inventories are measured at the lower of cost (weighted average) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Financial Assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date, there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the reporting year, there were no financial assets classified in this category.

Cash and Cash Equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial Liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expired. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Liabilities (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Fair Value of Financial Instruments

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes. The fair value of a financial instrument is derived from an active market or by using an acceptable valuation technique. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and Level 3 for the use of inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Where observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year.

Equity

Equity instruments are contracts that give a residual interest in the net assets of the Company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the period they occur.

Government Grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. A grant in recognition of specific expenses is recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant.

Critical Judgements, Assumptions and Estimation Uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

<u>Estimated impairment of goodwill</u>
An assessment is made annually whether goodwill has suffered any impairment loss, based on the recoverable amounts of the cash-generating units ("CGU"). The recoverable amounts of the CGUs was determined based on value-in-use calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates as disclosed in note 16.

<u>Allowance for doubtful accounts</u>
An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade receivables and historical bad debts, customer concentrations, and customer creditworthiness when evaluating the adequacy of the allowance for doubtful trade receivables. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in note 19 on trade and other receivables.

<u>Net realisable value of inventories</u>
A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require Management to estimate future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the valuation of inventory. The carrying amount of inventories at the end of the reporting year was $29,068,000 (2011: $38,384,000).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Critical Judgements, Assumptions and Estimation Uncertainties (cont'd)

Income tax expense
The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. The income tax amounts are disclosed in note 11.

Deferred tax estimation
Management judgement is required in determining the amount of current and deferred tax recognised as income or expense and the extent to which deferred tax assets can be recognised. A deferred tax asset is recognised if it is more likely than not that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgmental and not susceptible to precise determination. The balances recorded and unrecognised are disclosed in note 11.

Property, plant and equipment
An assessment is made at each reporting date on whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the class of assets at the end of the reporting year affected by the assumption is $44,763,000 (2011: $53,311,000).

Useful lives of plant and equipment
The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and production factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the class of assets affected by the assumption is $18,830,000 (2011: $26,904,000).

Estimated impairment of subsidiary
When a subsidiary is in net equity deficit or has suffered losses a test is made on whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flows. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset affected. The carrying amount of the specific assets affected by the assumption is $28,072,000 (2011: $24,833,000).

NOTES TO THE FINANCIAL STATEMENTS

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3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same Group; (ii) One entity is an associate or joint venture of the other entity; (iii) Both entities are joint ventures of the same third party; (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) The entity is controlled or jointly controlled by a person identified in (a); or (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3A. Related companies

The Company became a subsidiary of CROWN Speciality Packaging Investment Pte Ltd, incorporated in Singapore, on 28 November 2012. The company's ultimate parent company is Crown Holdings, Inc., incorporated in United States of America, which is listed on the New York Stock Exchange. Related companies in these financial statements include the members of the parent's group of companies.

There are transactions and arrangements between the Company and members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any significant non-current balances and significant financial guarantees, an interest or charge is charged or imputed unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances under this note.

3B. Other related parties

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Significant related party transactions

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, these items include the following:

	Other related parties	
	2012 $'000	**2011 $'000**
Group		
Sale of goods	–	6,305
Company		
Sale of goods	–	664

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (cont'd)

3C. Key management compensation

	Group and Company	
	2012 $'000	2011 $'000
Salaries and other short-term employee benefits	1,557	1,542

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	2012 $'000	2011 $'000
Remuneration of Directors of the Company	877	772
Fees to Directors of the Company	263	263

During the reporting year, three of the former Directors of the Company exercised their share options for 3,600,000 ordinary shares of the Company at prices of $0.063 and $0.0813. A total cash consideration of $256,000 was paid to the Company (note 24B).

Further information about the remuneration of individual Directors is provided in the report on corporate governance.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

3D. Commitments and contingencies

As at 31 December 2012, the Company has contingent liabilities of $7,401,000 (2011: $9,959,000) in respect of guarantees issued in connection with banking facilities granted to subsidiaries.

4. FINANCIAL INFORMATION BY SEGMENTS

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

For management purposes, the Group is organised into one operating segment – Packaging Products, which involves the manufacturing of metal containers and flexible packaging materials.

Such a structural organisation is determined by the nature of risks and returns associated with each business segment and define the management structure as well as the internal reporting system. It represents the basis on which the Management reports the primary segment information. Operating segments are managed separately because each business requires different strategies.

Inter-segment sales, if any, would be measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are, as far as practicable, based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, amortisation, interests and income taxes (called "Recurring EBITDA") and (2) remain operating results before income taxes.

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4. FINANCIAL INFORMATION BY SEGMENTS (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

As disclosed in note 17 to the financial statements, the Company entered into a sale and purchase agreement with a related party to dispose of its entire 96.3% shareholding in Hoover Stainless Pte Ltd ("Hoover Singapore Disposal") in reporting year ended 31 December 2011. In connection with the Hoover Singapore Disposal, Hoover Stainless Pte Ltd has also entered into a sale and purchase agreement with an external party to dispose the entire issued and paid up share capital of Shanghai Hoover Stainless Steel Co., Ltd ("Hoover Shanghai Disposal"). The Hoover Singapore Disposal and the Hoover Shanghai Disposal are collectively known as the "Disposal Group" in the 2011's segment results.

Consequently, the results of the Disposal Group are recorded under "Discontinued Operations" in reporting year ended 31 December 2011.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

The information on each product and service, or each Group of similar products and services is not available and the cost to develop it would be excessive.

4B. Profit or loss from operations and reconciliations

	Packaging products $'000
2012	
Revenue by segment	
External revenue	157,698
Recurring EBITDA (before impairment of assets)	8,582
Depreciation	(5,524)
Amortisation	(15)
Allowance for impairment of plant and equipment	(4,793)
Accelerated depreciation of cylinders, moulds and toolings	(1,614)
Impairment of intangible assets	(2,071)
Allowance for impairment of trade and other receivables	(1,296)
Allowance for impairment of inventories	(3,611)
Interest income	42
Interest expense	(1,750)
Loss before tax from continuing operations	(12,050)
Income tax expense	511
Loss, net of tax	(11,539)

4. FINANCIAL INFORMATION BY SEGMENTS (cont'd)

4B. Profit or loss from operations and reconciliations (cont'd)

	Packaging products $'000	Discontinued operations $'000	Group $'000
2011			
Revenue by segment			
External revenue	161,360	6,881	168,241
Recurring EBITDA (before impairment of assets)	11,675	(238)	11,437
Depreciation	(5,581)	(121)	(5,702)
Amortisation	(21)	–	(21)
Allowance for impairment of plant and equipment	(75)	–	(75)
Allowance for impairment of trade and other receivables	(113)	–	(113)
Allowance for impairment of inventories	(574)	–	(574)
Interest income	81	–	81
Interest expense	(1,780)	(77)	(1,857)
Profit/(Loss) before tax from continuing operations	3,612	(436)	3,176
Re-measurement loss recognised on Disposal Group classified as held for sale (note 17)			(877)
Income tax expense			(514)
Profit, net of tax			1,785

4C. Assets and reconciliations

	Packaging products $'000	Discontinued operations $'000	Group $'000
2012			
Total assets for reportable segments	129,552	–	129,552
2011			
Total assets for reportable segments	155,820	3,694	159,514

4D. Liabilities and reconciliations

	Packaging products $'000	Discontinued operations $'000	Group $'000
2012			
Total liabilities for reportable segments	58,885	–	58,885
2011			
Total liabilities for reportable segments	70,243	3,912	74,155

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4. FINANCIAL INFORMATION BY SEGMENTS (cont'd)

4E. Other material items and reconciliations

	Packaging products $'000	Discontinued operations $'000	Group $'000
Expenditures for non-current assets			
2012	5,487	–	5,487
2011	7,869	14	7,883

4F. Geographical information

The following table provides an analysis of the revenue by geographical market based on the locations of the end customers, irrespective of the origin of the goods/ services:

Group	**Revenue**		**Non-current assets**	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Singapore	63,128	71,671	13,179	17,320
China	77,018	79,372	30,661	39,541
ASEAN (other than Singapore)	9,890	8,493	746	772
Others	7,662	8,705	431	526
Discontinued operations	–	(6,881)	–	(2,508)
	157,698	161,360	45,017	55,651

Revenues are attributed to countries on the basis of the customer's location. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

4G. Information about major customers

	Group	
	2012 $'000	**2011 $'000**
Top 1 customer in packaging products segment	52,798	53,434
Top 2 customers in packaging products segment	73,390	71,564
Top 3 customers in packaging products segment	83,045	82,766

5. REVENUE

	Group	
	2012 $'000	**2011 $'000**
Sale of packaging products	157,698	161,360

6. INTEREST INCOME

	Group	
	2012 $'000	**2011 $'000**
Interest income from banks	42	81

7. OTHER CREDITS AND (OTHER CHARGES)

	Group	
	2012 $'000	2011 $'000
Allowance for impairment on trade and other receivables	(1,296)	(113)
Commission income	58	3
Compensation received	–	288
Foreign exchange adjustment losses	(312)	(509)
Loss on disposal of plant and equipment	(15)	(13)
Gain on sale of raw materials and scrap materials	2,815	3,167
Government incentive	170	15
Inventories written down	(3,611)	(574)
Inventories written off	(82)	(147)
Impairment allowance on plant and equipment	(4,793)	(75)
Accelerated depreciation of cylinders, moulds and toolings	(1,614)	–
Impairment of intangible assets	(2,071)	–
Reversal of provision (note 26)	–	469
Others	117	90
	(10,634)	2,601
Presented in the profit or loss as:		
Other credits	3,160	4,032
Other charges	(13,794)	(1,431)
Net	(10,634)	2,601

8. FINANCE COSTS

	Group	
	2012 $'000	2011 $'000
Interest expense	1,750	1,780

9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2012 $'000	2011 $'000
Employee benefits expense	16,972	16,081
Contributions to defined contribution plans	2,203	2,404
Other benefits	1,674	1,326
Total employee benefits expense	20,849	19,811
Included in:		
Cost of sales	12,742	12,230
Distribution costs	2,400	2,018
Administrative expenses	5,707	5,563
	20,849	19,811

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10. ITEMS IN PROFIT OR LOSS

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:

	Group	
	2012 $'000	2011 $'000
Audit fees to the independent auditors of the Company	166	169
Audit fees to other independent auditors	162	156
Non-audit fees to the independent auditors of the Company	30	20
Non-audit fees to other independent auditors	13	5

11. INCOME TAX

11A. Components of tax expense recognised in profit or loss include:

	Group	
	2012 $'000	2011 $'000
Current tax expense		
Current tax expense	1,303	1,309
Over adjustments to tax in respect of prior periods	(285)	(355)
	1,018	954
Deferred tax income		
Deferred tax income	(1,529)	(440)
Total income tax (income)/expense	(511)	514

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2011: 17%) to profit before income tax as a result of the following differences:

	Group	
	2012 $'000	2011 $'000
(Loss)/Profit before tax from continuing operations	(12,050)	2,735
Income tax (income)/expense at the above rate	(2,048)	465
Not deductible items	2,179	417
Effect of different tax rates in different countries	(301)	159
Income tax exemption from foreign subsidiaries	(52)	(25)
Tax exemptions	(9)	(108)
Over adjustments to tax in respect of prior periods	(285)	(355)
Other minor items less than 3% each	5	(39)
Total income tax (income)/expense	(511)	514

There are no income tax consequences of dividends to owners of the Company.

The amount of income taxes outstanding as at the end of the reporting year was $236,000 (2011: $125,000). Such an amount is net of tax advances, which according to tax rules, were paid before the end of the reporting year.

11. INCOME TAX (cont'd)

11B. Deferred tax expense recognised in profit or loss include:

	Group	
	2012 $'000	2011 $'000
Deferred tax income arising from excess of net book value of property, plant and equipment over tax values	(537)	(440)
Deferred tax income arising from provisions	(960)	–
Deferred tax expense arising from excess of tax values over net book value of property, plant and equipment	–	23
Tax loss carry forwards utilised	–	420
Unrecognised deferred tax assets	(32)	(443)
Total deferred tax income	(1,529)	(440)

11C. Deferred tax balance in the statement of financial position:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Excess of net book value of property, plant and equipment over tax values	(699)	(1,236)	(667)	(1,236)
Deferred tax assets arising from provisions	1,035	75	–	–
Unrecognised deferred tax assets	–	(32)	–	–
	336	(1,193)	(667)	(1,236)
Presented in the statement of financial position as follows:				
Deferred tax liabilities	(699)	(1,268)	(667)	(1,236)
Deferred tax assets	1,035	75	–	–
Net balance	336	(1,193)	(667)	(1,236)

It is impracticable to estimate the amount expected to be settled or used within one year.

At the end of the reporting year, the aggregate amount of temporary differences associated with investments in subsidiaries in China for which deferred tax liabilities have not been recognised was $567,000 (2011: $546,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. Temporary differences arising in connection with interests in subsidiaries are insignificant.

No deferred tax asset has been recognised in respect of the unused tax losses in certain subsidiaries in China due to the uncertainty of its recoverability. Included in unrecognised tax losses are losses of $8,021,300 (2011: $3,575,300) that will expire between 2013 and 2017. Other losses may be carried forward indefinitely.

For the Singapore companies, the realisation of the future income tax benefits from tax losses carry forward and temporary differences from capital allowances is available for an unlimited future period, subject to the conditions imposed by law including the retention of majority shareholders as defined.

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12. DIVIDENDS ON EQUITY SHARES

	Rate per share – Cents		Group and Company	
	2012	2011	2012 $'000	2011 $'000
Final Dividend paid net of income tax	0.15	0.30	554	1,104

13. EARNINGS/(LOSS) PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings/(loss) per share.

		Group	
		2012 $'000	2011 $'000
A.	Numerators: (loss)/earnings attributable to equity holders:		
	– Continuing operations: attributable to equity holders	(11,450)	2,264
	– Discontinued operations: Loss for the year	–	(452)
B.	Total basic (loss)/earnings	(11,450)	1,812
C.	Diluted (loss)/earnings	(11,450)	1,812
D.	Denominators: weighted average number of equity shares		
	Basic	372,190	367,876
	Dilutive share options effect	3,637	3,302
	Diluted	375,827	371,178

The weighted average number of equity shares refers to shares in circulation during the reporting period.

The dilutive effect derives from transactions such as exercise of share options (see note 24).

Basic earnings per share are computed based on the weighted average number of ordinary shares outstanding during each reporting year. The diluted earnings per share is based on the weighted average number of ordinary shares and dilutive ordinary share equivalents outstanding during each reporting year. The ordinary share equivalents included in these calculations are: (1) the average number of ordinary shares assumed to be outstanding during the reporting year and (2) shares of ordinary share issuable upon assumed exercise of share options which (if any) would have a dilutive effect.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Land use rights $'000	Leasehold buildings $'000	Plant and equipment $'000	Assets under construction $'000	Total $'000
Cost					
At 1 January 2011	4,704	29,732	72,895	6,794	114,125
Foreign exchange adjustments	168	380	1,357	241	2,146
Transferred to Disposal Group classified as held for sale	(179)	(3,768)	(1,157)	–	(5,104)
Additions	–	548	7,273	62	7,883
Disposals	–	–	(699)	–	(699)
Transfers	5	5,164	444	(5,613)	–
At 31 December 2011	4,698	32,056	80,113	1,484	118,351
Foreign exchange adjustments	(239)	(878)	(1,841)	(14)	(2,972)
Additions	–	450	3,834	1,203	5,487
Disposals	–	–	(1,617)	–	(1,617)
Transfers	–	–	268	(268)	–
At 31 December 2012	4,459	31,628	80,757	2,405	119,249
Accumulated depreciation					
At 1 January 2011	779	11,441	49,073	–	61,293
Foreign exchange adjustments	27	123	714	–	864
Depreciation for the year	165	827	4,710	–	5,702
Transferred to Disposal Group classified as held for sale	(136)	(1,395)	(1,065)	–	(2,596)
Disposals	–	–	(223)	–	(223)
At 31 December 2011	835	10,996	53,209	–	65,040
Foreign exchange adjustments	(33)	(131)	(1,087)	–	(1,251)
Depreciation for the year	153	677	6,308	–	7,138
Disposals	–	(22)	(1,212)	–	(1,234)
Impairment for the year	–	84	4,709	–	4,793
At 31 December 2012	955	11,604	61,927	–	74,486
Net book value					
At 1 January 2011	3,925	18,291	23,822	6,794	52,832
At 31 December 2011	3,863	21,060	26,904	1,484	53,311
At 31 December 2012	3,504	20,024	18,830	2,405	44,763

The land use rights are for the land of the industrial buildings owned by certain subsidiaries in China. They are amortised on a straight-line method over their lease term. The land use rights expire between 2019 and 2059 and are not transferable.

Certain items of property, plant and equipment are pledged as security for bank facilities (see note 27).

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14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold building $'000	Plant and equipment $'000	Assets under construction $'000	Total $'000
Cost				
At 1 January 2011	14,249	40,204	808	55,261
Additions	143	1,589	–	1,732
Disposals	–	(29)	–	(29)
Transfer	808	–	(808)	–
At 31 December 2011	15,200	41,764	–	56,964
Additions	200	1,528	–	1,728
Disposals	–	(1,024)	–	(1,024)
At 31 December 2012	15,400	42,268	–	57,668
Accumulated depreciation				
At 1 January 2011	5,736	33,595	–	39,331
Depreciation for the year	384	2,039	–	2,423
Disposals	–	(29)	–	(29)
At 31 December 2011	6,120	35,605	–	41,725
Depreciation for the year	345	3,296	–	3,641
Disposals	–	(985)	–	(985)
Impairment for the year	–	108	–	108
At 31 December 2012	6,465	38,024	–	44,489
Net book value				
At 1 January 2011	8,513	6,609	808	15,930
At 31 December 2011	9,080	6,159	–	15,239
At 31 December 2012	8,935	4,244	–	13,179

The depreciation expense is charged as follows:

	Cost of sales $'000	Distribution expenses $'000	Administrative expenses $'000	Other Charges $'000	Total $'000
Group					
2012	4,767	41	716	1,614	7,138
2011	4,589	34	1,079	–	5,702
Company					
2012	2,118	–	199	1,324	3,641
2011	2,115	–	308	–	2,423

Certain items under plant and equipment are under finance lease agreements (note 28).

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012 $'000	2011 $'000
Cost at the beginning of the year	64,645	62,277
Disposal of subsidiaries	(8,849)	–
Increase in investment in subsidiaries	–	2,368
Less: Allowance for impairment	(6,590)	(13,731)
Balance at end of the year	49,206	50,914
Presented in statements of financial position:		
Investments in subsidiaries, non-current	49,206	50,797
Assets of Disposal Group classified as held for sale (note 17)	–	117
	49,206	50,914
Net book value of subsidiaries	55,844	62,118
Analysis of above amount denominated in non-functional currency:		
United States Dollar	55,296	55,296
Singapore Dollar	500	9,349
	55,796	64,645
Movements in allowance for impairment:		
Balance at beginning of the year	13,731	13,031
Disposal of subsidiaries	(8,732)	–
Impairment loss charged to profit or loss	1,591	700
Balance at end of the year	6,590	13,731

The Management recognised allowance for impairment of $1.59 million on the cost of investments of two of the subsidiaries of the Company for the reporting year. Impairment tests on the carrying value of investment in the subsidiaries were carried out and the Management had written down the cost of investments for the subsidiaries to the recoverable amounts of the subsidiaries determined by value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The subsidiaries have suffered from a fall in demand in sales. Accordingly, it was necessary to provide for an impairment loss.

The subsidiaries held by the Company and the Group are listed below:

Name of subsidiary, country of incorporation, place of operations and principal activities (and Auditors)	Cost of investments		Effective percentage of equity held by Group	
	2012 $'000	2011 $'000	2012 %	2011 %
Held by the Company:				
Hoover Stainless Pte Ltd [b] [c] Singapore Manufacture, fabrication and sale of stainless steel products (RSM Chio Lim LLP)	–	8,849	–	96.3

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15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiary, country of incorporation, place of operations and principal activities (and Auditors)	Cost of investments 2012 $'000	Cost of investments 2011 $'000	Effective percentage of equity held by Group 2012 %	Effective percentage of equity held by Group 2011 %
Kunshan Huade Metal Packaging Container Co., Ltd [a] People's Republic of China Production of metal containers (BDO China Shu Lun Pan CPAs)	1,539	1,539	100	100
Langfang Huade Metal Packaging Container Co., Ltd [b] People's Republic of China Customised metal printing (RSM China CPAs)	17,445	17,445	100	100
Superior (Langfang) Multi-Packaging Co., Ltd [b] People's Republic of China Production of metal containers (RSM China CPAs)	4,163	4,163	100	100
Superior (Tianjin) Multi-Packaging Co., Ltd [b] People's Republic of China Production of metal containers (RSM China CPAs)	8,119	8,119	100	100
Superior Metal Printing (Huiyang) Co., Ltd [b] People's Republic of China Production of metal containers (RSM China CPAs)	3,647	3,647	100	100
Superior Precision Moulds & Packaging Container (Shanghai) Co., Ltd [a] People's Republic of China Production of metal containers (BDO China Shu Lun Pan CPAs)	8,499	8,499	100	100
Neo Tech Packaging (Shanghai) Co., Ltd [a] People's Republic of China Production of laminated metal plate (BDO China Shu Lun Pan CPAs)	3,426	3,426	95	95
Guangzhou Superior Multi-Packaging Co., Ltd [b] People's Republic of China Production of metal containers (RSM China CPAs)	2,005	2,005	100	100
Superior Metal Printing Phils., Inc [b] The Philippines Sale of packaging and metal containers (Alas, Oplas & Co., CPAs)	1,000	1,000	100	100

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiary, country of incorporation, place of operations and principal activities (and Auditors)	Cost of investments 2012 $'000	Cost of investments 2011 $'000	Effective percentage of equity held by Group 2012 %	Effective percentage of equity held by Group 2011 %
Superior Multi-Packaging (Vietnam) Co., Ltd [b] Vietnam Production of metal containers and plastic pails (RSM DTL Auditing Company)	3,288	3,288	100	100
Superior (Chengdu) Multi-Packaging Co., Ltd [a] People's Republic of China Production of metal containers (BDO China Shu Lun Pan CPAs)	2,165	2,165	100	100
Superior Investments Holdings Pte Ltd Singapore Investment holding company (RSM Chio Lim LLP)	500	500	100	100
Held through Hoover Stainless Pte Ltd:				
Shanghai Hoover Stainless Steel Co., Ltd [a] [c] People's Republic of China Manufacture, fabrication and sale of stainless steel products (BDO China Shu Lun Pan CPAs)	–	2,714	–	96.3
Held through Superior Precision Moulds & Packaging Container (Shanghai) Co., Ltd:				
Zhejiang Gaote Metal Decorating Co., Ltd [a] People's Republic of China Customised metal printing (BDO China Shu Lun Pan CPAs)	1,772	1,772	100	100
Held through Superior Investments Holdings Pte Ltd:				
Superior Cans & Pails Containers (Pune) Pvt. Ltd [a] India Production of metal containers (Vijay D. Kendhe & Co. Chartered Accountants)	1,545	1,545	100	100

[a] Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

[b] Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

[c] These subsidiaries were disposed in 2012 (note 17). In 2011, the cost of investment after allowance for impairment in Hoover Stainless Pte Ltd of $117,000 was classified under current assets in the statement of financial position of the Company as the subsidiary was disposed subsequent to the end of the reporting year ended 31 December 2011 as disclosed in note 17 to the financial statements.

As required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

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16. INTANGIBLE ASSETS

	Group	
	2012 **$'000**	**2011** **$'000**
Goodwill (note 16A)	–	2,071
Other intangible assets (note 16B)	254	269
	254	2,340

16A. Goodwill

	Group	
	2012 **$'000**	**2011** **$'000**
Cost		
At beginning and end of the year	2,071	2,071
Accumulated impairment:		
Balance at beginning of the year	–	–
Impairment loss recognised in the year included in other charges (note 7)	(2,071)	–
Balance at end of the year	(2,071)	–
Net book value at end of the year	–	–

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. Goodwill in those CGUs is represented by the Group's investment in each subsidiary as follows:

	Group	
Packaging products	**2012** **$'000**	**2011** **$'000**
Name of subsidiaries		
Langfang Huade Metal Packaging Container Co., Ltd ("LFHD")	–	1,176
Zhejiang Gaote Metal Decorating Co., Ltd. ("ZGMD")	–	895
Net book value at end of the year	–	2,071

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell or its value-in-use. The recoverable amounts of CGUs have been determined based on the value-in-use method. The value is regarded as the lowest level for fair value measurement as the valuation includes inputs for the asset that are not based on observable market data (unobservable inputs).

The value in use was determined by the Management. The key assumptions for the value-in-use calculations are the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts and Management's expectations of the entities' earnings potential. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

LFHD: LFHD and Superior (Langfang) Multi-Packaging Co., Ltd ("SMPLF") mainly supply printed tinplates and component parts to another related company – Superior (Tianjin) Multi-Packaging Co., Ltd ("SMPTJ"). An impairment test based on the forecasted revenues and profits of the three entities has been carried out for the current reporting year ended 31 December 2012. The Management has considered the three entities as a single CGU and prepared budgeted forecasts for the reporting year ending 31 December 2013 on this basis.

16. INTANGIBLE ASSETS (cont'd)

16A. Goodwill (cont'd)

The value-in-use was determined by the Management. The key assumptions for the value-in-use calculations are as follows:

	2012			2011		
	LFHD	**SMPLF**	**SMPTJ**	**LFHD**	**SMPLF**	**SMPTJ**
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	5.0%	5.0%	5.0%	6.0%	2.0%	6.0%
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs	12.7%	12.7%	12.7%	11.0%	11.0%	11.0%
Cash flow forecasts derived from the most recent financial budgets approved by the Management	5 years	5 years	5 years	5 years	5 years	5 years

In 2012, the CGU suffered from a fall in demand in sales. Based on the cash flow forecasts, the impairment test resulted in the recognition of an impairment loss on the goodwill of $1.17 million in LFHD. The impairment loss relates to the entire goodwill of the CGU.

ZGMD: ZGMD was acquired with the intention to integrate its metal printing facilities into the Group's existing forming and assembly operations in metal containers packaging business. As ZGMD mainly supplies printed tinplates to another related company – Superior Precision Moulds & Packaging Container (Shanghai) Co., Ltd ("SMPSH") which in turn sells to third parties, an impairment test based on the forecasted revenue of the two entities has been carried out for the current reporting year ended 31 December 2012. The impairment test has been carried out using a discounted cash flow unlevered model covering a 5 years period. The Management has considered these two entities as a single CGU and prepared budgeted forecasts for reporting year ending 31 December 2013 on this basis.

The value-in-use was determined by the Management. The key assumptions for the value-in-use calculations are as follows:

	2012		2011	
	ZGMD	**SMPSH**	**ZGMD**	**SMPSH**
Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets	6.0%	6.0%	3.0%	3.0%
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs	12.7%	12.7%	11.0%	11.0%
Cash flow forecasts derived from the most recent financial budgets approved by the Management	5 years	5 years	5 years	5 years

In 2012, the CGU suffered from a fall in demand in sales. Based on the cash flow forecasts, the impairment test resulted in the recognition of an impairment loss on the goodwill of $0.89 million in ZGMD. The impairment loss relates to the entire goodwill of the CGU.

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16. INTANGIBLE ASSETS (cont'd)

16B. Other intangible assets

Group	License $'000
Cost	
At 1 January 2011, 31 December 2011 and 31 December 2012	290
Accumulated amortisation	
At 1 January 2011	–
Amortisation for the year	21
At 31 December 2011	21
Amortisation for the year	15
At 31 December 2012	36
Net book value	
At 1 January 2011	290
At 31 December 2011	269
At 31 December 2012	254

17. DISCONTINUED OPERATIONS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 14 February 2012, the Company entered into a sale and purchase agreement with a related party to dispose of its entire 96.3% shareholding in Hoover Stainless Pte Ltd ("HSPL") for a consideration of $100,000 (the "Hoover Singapore Disposal"). In connection with the Hoover Singapore Disposal, HSPL had also on 13 February 2012 entered into a share transfer agreement with an external party to dispose its entire 100% shareholding in Shanghai Hoover for a consideration of RMB 5.5 million, equivalent to $1,068,000 (the "Hoover Shanghai Disposal"). The Hoover Singapore Disposal and the Hoover Shanghai Disposal are collectively known as the "Disposal Group". The disposal was planned in 2011. The sale was completed on 7 May 2012.

The results of the Disposal Group were as follows:

	2011 $'000
Revenue	6,881
Expenses	(6,363)
Profit from operations	518
Finance costs	(77)
Loss recognised on re-measurement to fair value less costs to sell	(877)
Loss before tax from discontinued operations	(436)
Income tax expense	–
Loss from discontinued operations, net of tax	(436)

A loss of $877,000 arose from the disposal, being the consideration receivable on disposal less the carrying amount of the subsidiary's net assets. No tax charge or credit arose from the transaction.

17. DISCONTINUED OPERATIONS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (cont'd)

The following table summarises the carrying value of the account balances of the Disposal Group classified as held for sale in the previous reporting year.

	2011 $'000
Assets:	
Property, plant and equipment	1,631
Investment	10
Inventories	162
Other assets	1,078
Trade and other receivables	465
Cash and short term deposits	348
Assets of Disposal Group classified as held for sale	3,694
Liabilities:	
Trade and other payables	1,612
Short term loan	2,300
Liabilities of Disposal Group classified as held for sale	3,912
Net liabilities of Disposal Group classified as held for sale	(218)
Reserve:	
Foreign currency translation reserve	119

The short term loan undertaken by the Disposal Group is secured over a corporate guarantee provided by the Company.

The cash flows of the discontinued operations were included in the consolidated financial statements for the reporting year ended 31 December 2011, were as follows:

	2011 $'000
Operating cash flows	3,302
Investing activities	(14)
Financing activities	(4,151)
Total cash flows	(863)

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18. INVENTORIES

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Finished goods and goods for resale	6,610	8,712	3,741	5,290
Work in progress	3,045	3,354	2,142	2,031
Raw materials and consumables	19,413	26,318	6,323	8,935
	29,068	38,384	12,206	16,256

Inventories are stated after allowance for impairment.

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Movements in allowance for impairment:				
Balance at beginning of the year	1,886	1,671	1,342	955
Charged to profit or loss included in other charges	3,611	574	1,410	473
Transferred to Disposal Group classified as held for sale	–	(296)	–	–
Amounts written off	(350)	(63)	(296)	(86)
Balance at end of the year	5,147	1,886	2,456	1,342
Included in cost of sales:				
Changes – decrease in inventories of finished goods and work in progress	1,606	1,580	633	225
Raw materials and consumables used	112,504	116,913	51,948	54,918

Certain inventories are pledged as security for the bank facilities (note 27).

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade receivables				
External parties	36,656	36,411	16,857	18,398
Less: Allowance for impairment	(1,335)	(417)	(100)	(100)
Subsidiaries (note 3)	–	–	2,831	2,902
Less: Allowance for impairment	–	–	(1,294)	(1,100)
Sub-total	35,321	35,994	18,294	20,100
Other receivables				
Subsidiaries (note 3)	–	–	5,012	5,148
Less: Allowance for impairment	–	–	(2,541)	–
Other receivables	2,503	2,424	1,332	54
Less: Allowance for impairment	(156)	–	–	–
Sub-total	2,347	2,424	3,803	5,202
Total trade and other receivables	37,668	38,418	22,097	25,302
Movements in allowance for impairment of trade and other receivables				
Balance at beginning of the year	417	376	1,200	1,189
Charged to profit or loss included in other charges	1,296	113	2,735	11
Transferred to Disposal Group classified as held for sale	–	(32)	–	–
Used	(222)	(40)	–	–
Balance at end of the year	1,491	417	3,935	1,200

The allowance is based on individual accounts that are determined to be impaired at the year end date. These are not secured.

20. OTHER FINANCIAL ASSETS

	Group	
	2012 $'000	2011 $'000
Investments at fair value through profit or loss		
Balance at beginning of the year	–	10
Reclassified to assets of Disposal Group classified as held for sale (note 17)	–	(10)
Balance at end of the year	–	–

21. OTHER ASSETS

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Deposits to secure services	372	333	161	198
Prepayments	244	342	84	63
Advances for purchase of plant and equipment	788	752	–	–
Advances to suppliers	3,246	4,973	–	–
Advances to staff	2	–	–	–
Club memberships	–	41	–	36
	4,652	6,441	245	297

The carrying value of club memberships is stated at cost. The fair value of the club memberships is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed as used in estimating fair values. Consequently, it is carried at cost less allowance for impairment.

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Not restricted in use	12,112	16,851	5,171	7,589
Interest earning balances	12,085	16,793	5,144	7,579

The interest rates for the cash balances on interest earning accounts are between 0.02% to 3.76% (2011: 0.02% to 3.78%) receivable from monthly to yearly basis.

22A. Cash and cash equivalents in the consolidated statement of cash flows

	Group	
	2012 $'000	2011 $'000
Cash and cash equivalents as shown above	12,112	16,851
Cash and cash equivalents classified as Disposal Group held for sale (note 17)	–	348
Cash and cash equivalents at end of the year	12,112	17,199

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23. SHARE CAPITAL

Group and Company	2012 Number of shares '000	2012 Issued share capital $'000	2011 Number of shares '000	2011 Issued share capital $'000
Ordinary shares of no par value				
Balance at beginning of the year	369,656	55,619	363,756	55,021
Proceeds from exercise of share options	13,050	851	5,900	386
Transfer from share option reserve to share capital (note 24C)	–	495	–	212
Balance at end of the year	382,706	56,965	369,656	55,619

The ordinary shares of no par value which are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

During the reporting year, 13,050,000 ordinary shares of no par value were issued for cash at $851,000 due to exercise of share options.

Capital management

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain its listing on the Singapore Exchange Securities Trading Limited it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

23. SHARE CAPITAL (cont'd)

Capital management (cont'd)

The Management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

	Group	
	2012 $'000	2011 $'000
Net debts		
All current and non-current borrowings including finance leases	32,028	37,745
Less: Cash and cash equivalents	(12,112)	(16,851)
	19,916	20,894
Net capital		
Equity	70,667	85,359
Debt-to-adjusted capital ratio	28.2%	24.5%

The increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the decrease in retained earnings.

24. SHARE BASED PAYMENT

24A. Share options – The Scheme

The Company has an employee share option scheme known as the "The Superior Multi-Packaging (2001) Executives' Share Option Scheme" (the "Scheme"). The Scheme was approved by the shareholders on 25 May 2001. At an Extraordinary General Meeting on 30 July 2007, shareholders approved the modifications to the Scheme.

Under the rules of the Scheme, any full time employee of the Company or its subsidiaries holding the rank of Executive Officer (or an equivalent or analogous rank) and above (including Non-executive Directors) selected by the Executive Resource and Compensation Committee ("ERC") are eligible to participate in the Scheme. Controlling shareholders or their associates are also eligible to participate in the Scheme subject to the approval of independent shareholders in the form of separate resolutions for each participant. Further, independent shareholders' approval is also required in the form of separate resolutions for each grant of options and the terms thereof, to each participant who is a controlling shareholder or his associate.

The total number of shares over which options may be granted shall not exceed 15% of the issued share capital of the Company at any time.

The Scheme is administered by the ERC, which consists of 3 Directors appointed by the Board of Directors of the Company. The number of options to be offered to a participant shall be determined at the discretion of the ERC, who shall take into account criteria such as the performance of the Company and the Group, provided that the total number of shares which may be offered to any participant during the entire operation of the Scheme (including adjustments under the rules) shall not exceed 15% of the total number of issued shares at any time.

The ERC may at its discretion fix the exercise price at (i) a price (the "Market Price") equal to the average of the last dealt prices for a share on Singapore Exchange Securities Trading Limited for a period of five (5) consecutive market days immediately prior to the relevant offer date; or (ii) a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price. The discount will have to be approved by shareholders in a separate resolution at an Extraordinary General Meeting.

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24. SHARE BASED PAYMENT (cont'd)

24A. Share options – The Scheme (cont'd)

The maximum lifespan of the options granted under the Scheme is 10 years for executives, and 5 years for Non-executive Directors. There are no cash settlement alternatives. There are special provisions dealing with the lapsing or permitting the earlier exercise of options under certain circumstances including termination, bankruptcy, and death of the participant. The vesting period is two years. An option may be exercised in whole or in part, (i) after the first anniversary of the date of grant and if the subscription price is the Market Price; and (ii) after the second anniversary of the date of grant if the subscription price is at a discount to the Market Price.

On 29 April 2011, members of the Company approved, inter-alia, the extension of the Scheme for a further period of 10 years from 25 May 2011.

24B. Activities under the share options scheme

The outstanding number of options at the end of the year was:

			Number of shares options at 31 December	
Exercise price	**Grant date**	**Exercise period**	**2012**	**2011**
$0.0813	4 September 2007	From 4 September 2009 to 3 September 2012	–	1,600,000
$0.063	4 September 2007	From 4 September 2009 to 3 September 2017	–	12,150,000
Balance at end of the year			–	13,750,000

The table below summarises the number of options that were outstanding and their weighted average exercise price as at the end of the year as well as the movements during the year.

	Number of share options		Weighted average exercise price	
	2012	**2011**	**2012**	**2011**
Outstanding at 1 January	13,750,000	19,750,000	$0.07	$0.11
Forfeited	(700,000)	(100,000)	$0.06	$0.06
Exercise of share options	(13,050,000)	(5,900,000)	$0.07	$0.07
Outstanding at 31 December	–	13,750,000	–	$0.07
Exercisable at 31 December	–	13,750,000	–	$0.07

The share options under the Scheme had been fully vested as at 3 September 2009.

There was no option granted during the year.

24. SHARE BASED PAYMENT (cont'd)

24B. Activities under the share options scheme (cont'd)

The following table summarises the information on Directors' outstanding share options at 31 December 2012:

	Grants in 2012	Grants from start of scheme to end of 2012	Exercised from start of scheme to end of 2012	Balance at 31 Dec 2012
Participants				
Directors of the Company				
Wang Gee Hock [(a)]	–	3,000,000	(3,000,000)	–
Prof Tan Chin Tiong [(b)]	–	800,000	(800,000)	–
Tay Puan Siong [(c)]	–	800,000	(800,000)	–
Assoc Prof Loh Han Tong [(d)]	–	800,000	(800,000)	–
Total	–	5,400,000	(5,400,000)	–

[(a)] Wang Gee Hock resigned on 14 November 2012.
[(b)] Prof Tan Chin Tiong resigned on 8 January 2013.
[(c)] Tay Puan Siong resigned on 14 November 2012.
[(d)] Assoc Prof Loh Han Tong resigned on 29 February 2012 and was re-appointed to the board on 8 January 2013.

No participant received 5% or more of the total number of the options available under the Scheme except for one of the Directors, Mr Wang Gee Hock.

24C. Accounting for the share options

Share option reserve	Group and Company 2012 $'000	2011 $'000
At beginning of the year	495	749
Forfeiture of share options – transferred to retained earnings	–	(42)
Exercise of share options	(495)	(212)
At end of the year	–	495

All the share options issued prior to the modification of the share option plan have expired as at 31 December 2006. Hence, modifications to the Scheme in 2007 do not result in any changes in the fair value of these options.

The estimated fair value of each option issued was estimated by an independent external valuer using the Black-Scholes model for employee stock option valuation. In order to approximate the expectations that would be reflected in a current market or negotiated exchange price for these options, the calculation takes into consideration factors like behavioural considerations and non-transferability of the options granted.

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25. OTHER RESERVES

Group	Statutory reserve [a] $'000	Share option reserve $'000	Foreign currency translation reserve [b] $'000	Total $'000
At 1 January 2012	4,188	495	728	5,411
Foreign currency translation differences	–	–	(3,450)	(3,450)
Exercise of share options (note 24)	–	(495)	–	(495)
Transfer from retained earnings to statutory reserve	176	–	–	176
At 31 December 2012	4,364	–	(2,722)	1,642
At 1 January 2011	3,821	749	(1,647)	2,923
Foreign currency translation differences	–	–	2,256	2,256
Exercise of share options (note 24)	–	(212)	–	(212)
Transfer from share option reserve to retained earnings (note 24)	–	(42)	–	(42)
Transfer from retained earnings to statutory reserve	367	–	–	367
Transfer to Disposal Group classified as held for sale	–	–	119	119
At 31 December 2011	4,188	495	728	5,411

Company	Share option reserve $'000
At 1 January 2012	495
Exercise of share options (note 24)	(495)
At 31 December 2012	–
At 1 January 2011	749
Transfer of share option reserve to retained earnings (note 24)	(42)
Exercise of share options (note 24)	(212)
At 31 December 2011	495

[a] The subsidiaries incorporated in the People's Republic of China ("PRC") are required by the PRC regulations to appropriate 10% of the net profit after tax (after offsetting all recognised tax losses carried forward from previous reporting years in accordance with the PRC Generally Accepted Accounting Principles) to statutory reserve. The appropriation to statutory reserve must be made before distribution of dividends to shareholders.

[b] The currency translation reserve accumulates all foreign exchange differences on translating the results and net assets of foreign operations during the year that the Group controls them.

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable. The other reserves are not available for cash dividends unless realised.

26. PROVISIONS

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Provisions, total	1,028	702	186	–

The provisions include the following:

(a) $702,000 of the provisions arose from the acquisition of a subsidiary in 2010 for under-provision of certain taxes. In 2011, an amount of $469,000 was reversed to other credits in profit or loss as it was no longer required; and

(b) $326,000 of the provisions arose from manpower restructuring requirement, which is charged to profit or loss as administrative expenses.

27. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Non-current				
Bank loans	11,825	14,687	11,825	14,687
Current				
Bank loans (secured)	7,716	9,118	–	–
Bank loans	12,481	13,859	8,788	9,114
Sub-total	20,197	22,977	8,788	9,114
Total	32,022	37,664	20,613	23,801

The non-current portion is repayable as follows:

	Group and Company	
	2012 $'000	2011 $'000
Due within 2 to 5 years	11,825	14,687

All the amounts are at floating interest rates, except for the following that are on fixed interest rates.

Borrowings – fixed rate	14,182	17,807

The repayment terms for the above bank loans are summarised as follows:

(a) Repayable in equal monthly or quarterly instalments over a period of four years, commencing between August 2009 and January 2011; and

(b) The principal amount of a bank loan is to be fully repaid in one lump sum in May 2016.

NOTES TO THE FINANCIAL STATEMENTS

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27. OTHER FINANCIAL LIABILITIES (cont'd)

The range of floating interest rates paid is as follows:

	Group		Company	
	2012	2011	2012	2011
Bank loans (secured)	6.51% to 6.72%	7.02% to 7.81%	–	–
Bank loans	1.72% to 7.28%	1.77% to 7.87%	1.72% to 5.00%	1.77% to 5.00%

All the short-term borrowings carry floating rates of interest. The carrying amounts are assumed to be a reasonable approximation of fair values.

The credit facilities and borrowings for the Group were secured over the following:

(i) Corporate guarantees provided by the Company;

(ii) First legal charge and negative pledges on the subsidiaries' properties; and

(iii) Negative pledges on certain inventories.

28. FINANCE LEASES

Group and Company	Minimum payments $'000	Finance charges $'000	Present value $'000
2012			
Minimum lease payments payable			
Due within one year	7	(1)	6
Due within 2 to 5 years	–	–	–
Total	7	(1)	6
Net book value of plant and equipment under finance leases			195

Group and Company	Minimum payments $'000	Finance charges $'000	Present value $'000
2011			
Minimum lease payments payable			
Due within one year	82	(7)	75
Due within 2 to 5 years	8	(2)	6
Total	90	(9)	81
Net book value of plant and equipment under finance leases			220

Certain plant and equipment of the Company are under finance leases. The average lease term is 3 years. For the reporting year ended 31 December 2012, the fixed rate of interest for finance leases is about 3.3% (2011: 3.3%). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in Singapore Dollar. The obligations under finance leases are secured by the lessor's charge over the leased assets.

The carrying amount of the lease liabilities approximates the fair value.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade payables				
External parties and accrued liabilities	23,436	26,717	10,204	13,697
Subsidiaries (note 3)	–	–	870	137
Sub-total	23,436	26,717	11,074	13,834
Other payables				
Deposits received	530	316	7	–
Other payables	928	3,370	340	1,208
Sub-total	1,458	3,686	347	1,208
Total trade and other payables	24,849	30,403	11,421	15,042

30. DISPOSAL OF SUBSIDIARY

The following table summarises the carrying value of the account balances of the Disposal Group (note 17).

	Group 2012 $'000
Property, plant and equipment	1,631
Investment	10
Inventories	162
Other assets	1,078
Trade and other receivables	465
Cash and short term deposits	348
Trade and other payables	(1,612)
Short term loan	(2,300)
Net liabilities disposed	(218)
Total consideration	100
Satisfied by:	
Cash consideration	100
Cash balance disposed	(348)
Net cash outflow	(248)

The results from the Disposal Group from the beginning of the reporting year to date of disposal were insignificant to the consolidated financial results of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

31A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Financial assets				
Cash and cash equivalents	12,112	16,851	5,171	7,589
Loans and receivables	37,668	38,418	22,097	25,302
At end of the year	49,780	55,269	27,268	32,891
Financial liabilities				
Borrowings at amortised cost	32,028	37,745	20,619	23,882
Trade and other payables at amortised cost	24,894	30,403	11,421	15,042
At end of the year	56,922	68,148	32,040	38,924

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statements of financial position of the Group and Company.

31B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However, these are not formally documented in written form. The guidelines include the following:

i. Minimise interest rate, currency, credit and market risks for all kinds of transactions.

ii. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

iii. All financial risk management activities are carried out and monitored by senior management staff.

iv. All financial risk management activities are carried out following good market practices.

The Group is exposed to currency and interest rate risks. There are no arrangements to reduce such risk exposures through derivatives and other hedging instruments.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (cont'd)

31C. Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables, and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counterparties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by Management. There is no significant concentration of credit risk, as the exposure is spread over a large number of counterparties and customers unless otherwise disclosed in the notes to the financial statements below.

Note 22 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 120 days (2011: 30 to 120 days). However, some customers take a longer period to settle the amounts.

(a) Ageing analysis of trade receivables amounts that are past due at the end of the reporting year but not impaired:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Less than 60 days	5,436	4,538	1,553	2,422
61 – 150 days	2,062	1,829	1,230	49
150 – 180 days	738	348	648	1
Over 180 days	945	–	427	–
At end of the year	9,181	6,715	3,858	2,472

(b) Ageing analysis as at the end of the reporting year of trade receivables amounts that are impaired:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Less than 60 days	85	–	–	–
61 – 150 days	540	–	194	–
150 – 180 days	6	–	–	–
Over 180 days	704	417	1,200	1,200
At end of the year	1,335	417	1,394	1,200

There is no maturity for other receivables (note 19), which are normally with no fixed terms and other financial assets (note 20), which represent investment in quoted equity shares.

The allowance, which is disclosed in the note on trade receivables, is based on individual accounts totaling $1.34 million (2011: $0.42 million) for the Group and $1.39 million (2011: $1.20 million) for the Company, that are determined to be impaired at the end of reporting year. These are not secured.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (cont'd)

31C. Credit Risk on Financial Assets (cont'd)

Concentration of trade receivable customers as at the end of the reporting year:

	Group and Company	
	2012 $'000	2011 $'000
Top 1 customer	5,070	4,392
Top 2 customers	7,741	7,816
Top 3 customers	9,506	9,873

31D. Liquidity risk

The following table analyses non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Total $'000
2012				
Gross borrowings commitments	23,777	2,854	10,257	36,888
Gross finance lease obligations	7	–	–	7
Trade and other payables	24,894	–	–	24,894
At end of the year	48,678	2,854	10,257	61,789

Group	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Total $'000
2011				
Gross borrowings commitments	23,864	4,939	10,600	39,403
Gross finance lease obligations	82	8	–	90
Trade and other payables	30,403	–	–	30,403
At end of the year	54,349	4,947	10,600	69,896

Company	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Total $'000
2012				
Gross borrowings commitments	10,967	2,854	10,257	24,078
Gross finance lease obligations	7	–	–	7
Trade and other payables	11,421	–	–	11,421
At end of the year	22,395	2,854	10,257	35,506

Company	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Total $'000
2011				
Gross borrowings commitments	10,000	4,939	10,600	25,539
Gross finance lease obligations	82	8	–	90
Trade and other payables	15,042	–	–	15,042
At end of the year	25,124	4,947	10,600	40,671

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (cont'd)

31D. Liquidity risk (cont'd)

The above amounts, as disclosed in the maturity analysis, are the contractual undiscounted cash flows and it differs from the amounts included in the statements of financial position of the Group and Company. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. No claims on the financial guarantees were expected at the end of the reporting year.

The following table shows the maturity analysis of the contingent liabilities:

Company	**2012 $'000**	**2011 $'000**
Financial guarantee contracts – in favour of subsidiaries	7,401	9,959
Undertaking to support subsidiaries with deficit	3,095	615
	10,496	10,574

The undiscounted amounts on the bank borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle non-related trade payables of the Group and Company is about 30 to 120 days (2011: 30 to 120 days).

The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

	Group		**Company**	
Bank facilities	**2012 $'000**	**2011 $'000**	**2012 $'000**	**2011 $'000**
Undrawn borrowing facilities	77,510	65,860	69,375	58,020
Unutilised bank guarantees (unsecured)	11,478	4,475	11,478	4,475

The undrawn borrowing facilities are available for operating activities and settlement for other commitments. Borrowing facilities are maintained to ensure funds are available for the budgeted operations.

31E. Interest rate risk

The interest rate risk exposure is mainly related to changes in fixed and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments (excluding derivatives) by types of interest rate:

	Group		**Company**	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Financial liabilities				
Fixed rate	14,188	17,889	14,188	17,889
Floating rate	17,840	19,856	6,431	5,993
At end of the year	32,028	37,745	20,619	23,882

The floating rate debt obligations are with interest rates that are re-set regularly at one, three or six months intervals. The interest rates are disclosed in notes 27 and 28.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (cont'd)

31E. Interest rate risk (cont'd)

Sensitivity analysis

	Group		Company	
	2012 **$'000**	**2011** **$'000**	**2012** **$'000**	**2011** **$'000**
A hypothetical increase in interest rates by 100 basis points, with all other variables held constant, would have an adverse effect on pre-tax profit for the year by	(257)	(278)	(160)	(170)

The analysis has been performed separately for fixed interest rate financial liabilities and floating interest rate financial liabilities. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The hypothetical changes in basis points are not based on observable market date (unobservable inputs).

There is a decrease in sensitivity to interest rates caused by the decrease in interest rates during the current reporting year.

31F. Foreign currency risk

Analysis of the Group and the Company's financial assets and liabilities denominated in non-functional currency:

Group 2012	**United States Dollar $'000**	**Chinese Renminbi $'000**	**Others $'000**	**Total $'000**
Financial assets				
Cash and cash equivalents	3,045	–	–	3,045
Trade and other receivables	8,484	–	–	8,484
Total financial assets	11,529	–	–	11,529
Financial liabilities				
Borrowings	6,431	–	–	6,431
Trade and other payables	1,420	–	–	1,420
Total financial liabilities	7,851	–	–	7,851
Net financial assets at end of the year	3,678	–	–	3,678

Group 2011	**United States Dollar $'000**	**Chinese Renminbi $'000**	**Others $'000**	**Total $'000**
Financial assets				
Cash and cash equivalents	1,424	–	7	1,431
Trade and other receivables	8,058	99	15	8,172
Total financial assets	9,482	99	22	9,603
Financial liabilities				
Borrowings	5,994	–	–	5,994
Trade and other payables	6,205	41	73	6,319
Total financial liabilities	12,199	41	73	12,313
Net financial (liabilities)/assets at end of the year	(2,717)	58	(51)	(2,710)

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (cont'd)

31F. Foreign currency risk (cont'd)

Company 2012	United States Dollar $'000	Others $'000	Total $'000
Financial assets			
Cash and cash equivalents	2,335	–	2,335
Trade and other receivables	8,484	–	8,484
Total financial assets	10,819	–	10,819
Financial liabilities			
Borrowings	6,431	–	6,431
Trade and other payables	1,324	–	1,324
Total financial liabilities	7,755	–	7,755
Net financial assets at end of the year	3,064	–	3,064

Company 2011	United States Dollar $'000	Others $'000	Total $'000
Financial assets			
Cash and cash equivalents	1,341	7	1,348
Trade and other receivables	8,013	15	8,028
Total financial assets	9,354	22	9,376
Financial liabilities			
Borrowings	5,994	–	5,994
Trade and other payables	6,205	73	6,278
Total financial liabilities	12,199	73	12,272
Net financial liabilities at end of the year	(2,845)	(51)	(2,896)

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against all other currencies with all other variables held constant would have an (adverse) favourable effect on pre-tax (loss)/profit of	(368)	271	(306)	290
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have an (adverse) favourable effect on pre-tax (loss)/profit of	(368)	272	(306)	284

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies, there would be comparable impacts in the opposite direction on the profit or loss and reserves.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (cont'd)

31F. Foreign currency risk (cont'd)

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

There is an increase in foreign currency rates sensitivity during the current reporting year mainly due to the increase in foreign currency assets.

In Management's opinion, the above sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposures do not reflect the exposures during the year.

32. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Commitments to purchase plant and equipment	460	1,448	281	128

33. OPERATING LEASE PAYMENT COMMITMENTS

At the end of the reporting year, the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Not later than one year	947	712	333	271
Later than one year and not later than five years	1,180	1,464	869	837
Later than five years	6,587	6,087	6,587	6,087
Rental expenses for the year	1,329	994	348	351

Operating lease payments represent rentals payable by the Company and subsidiaries for leasehold land, certain factory properties and office equipment. The lease rental terms for the leasehold land and factory properties are negotiated for a term of 3 to 60 years and rentals are subject to an escalation clause but the amount of the rent increase is not expected to exceed a certain percentage.

34. EVENTS SUBSEQUENT TO THE END OF THE REPORTING YEAR

Subsequent to the end of the reporting year, the Board of Directors approved the proposed plans to cease operations of two of the subsidiaries, Superior Cans & Pails Containers (Pune) Pvt. Ltd. and Superior Metal Printing Phils, Inc. The operations of the two subsidiaries are still on-going at the date of this report, as the management is still in the midst of working out the detailed closure plans.

35. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income
FRS 12	Deferred Tax (Amendments to) – Recovery of Underlying Assets
FRS 107	Financial Instruments: Disclosures (Amendments to) – Transfers of Financial Assets (*)

(*) Not relevant to the entity.

36. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1	Amendment to FRS 1 Presentation of Financial Statements (Annual Improvements)	1 Jan 2013
FRS 16	Amendment to FRS 16 Property, Plant and Equipment (Annual Improvements)	
FRS 19	Employee Benefits (Revised)	1 Jan 2013
FRS 727	Consolidated and Separate Financial Statements (Amendments to)	1 Jul 2012
FRS 27	Separate Financial Statements (Revised)	1 Jan 2014
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)	1 Jan 2014
FRS 32	Amendment to FRS 32 Financial instruments: Presentation (Annual Improvements)	1 Jan 2013
FRS 107	Amendments to FRS 32 and 107 titled Offsetting Financial Assets and Financial Liabilities	1 Jan 2013
FRS 110	Consolidated Financial Statements	1 Jan 2014
FRS 111	Joint Arrangements (*)	1 Jan 2014
FRS 112	Disclosure of Interests in Other Entities	1 Jan 2014
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112	1 Jan 2014
FRS 113	Fair Value Measurements	1 Jan 2013
INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine (*)	1 Jan 2013

(*) Not relevant to the entity.

PROPERTIES OWNED BY THE GROUP

Description/location	Gross floor area (Sqm)	Tenure of land
2 storey office and factory building No. 7 Benoi Sector Singapore 629842	15,087	60 years leasehold property with effect from 1990 with an option to renew for a further 30 years from 2020 subject to the stipulated terms, conditions and covenants contained in the agreement
3 storey office and factory building No. 429, Li Hang Road Pudong Wang Qiao Industrial Park New Area Shanghai People's Republic of China 201201	8,000	50 years leasehold property with effect from 1999
Single storey office, factory and dormitory building Dong Jiang Industrial Zone Shui Kou Zhen, Huizhou People's Republic of China 516255	21,190	50 years leasehold property with effect from 1995
6 storey dormitory building No. 14, 6th Floor Fa Tou West 3 Mile District, Chaoyang District Beijing Province People's Republic of China 100023	574	20 years leasehold property with effect from 1999
2 storey office and factory building No. 30, Langfang Economic Tech Dev. Zone Hebei Province People's Republic of China 065001	20,000	50 years leasehold property with effect from 2001
2 storey office and factory building Wuqing District, Tianjin Jinbin Industrial Park 10 Tai Yuan Road People's Republic of China 301712	27,606	50 years leasehold property with effect from 2009
2 storey office and factory building No. 309 Tongyu Road Tudian Town Light Textile Industrial Park Tongxiang City, Zhejiang Province People's Republic of China 314503	9,403	50 years leasehold property with effect from 2006

STATISTICS OF SHAREHOLDINGS

As at 18 March 2013

SHARE CAPITAL

Issued and paid-up share capital	:	$56,530,491.00
Number of shares	:	382,706,000 ordinary shares
Class of Shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS BY RANGE AS AT 18 MARCH 2013

Size of Holdings	Number of Shareholders	%	Number of Shares	%
1 to 999	75	4.41	38,006	0.01
1,000 to 10,000	1,133	66.69	4,977,251	1.30
10,001 to 1,000,000	482	28.37	22,628,500	5.91
1,000,001 and above	9	0.53	355,062,243	92.78
Total	1,699	100.00	382,706,000	100.00

Based on the information available to the Company as at 18 March 2013, approximately 14.81% of the issued ordinary shares of the Company is held by the public and thereafter, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TOP TWENTY SHAREHOLDERS AS AT 18 MARCH 2013

No.	Name of Shareholders	Number of Shares	%
1	CROWN Speciality Packaging Investment Pte. Ltd.	326,031,243	85.19
2	Ang Kong Meng	13,399,000	3.50
3	United Overseas Bank Nominees Pte Ltd	5,504,500	1.44
4	Goh Ah Tee @ Goh Hui Chua	2,562,000	0.67
5	DBS Nominees Pte Ltd	1,895,500	0.50
6	OCBC Nominees Singapore Pte Ltd	1,828,500	0.48
7	Kok Hwa Investment Pte Ltd	1,608,000	0.42
8	Phillip Securities Pte Ltd	1,218,500	0.32
9	Tan Chin Tiong	1,015,000	0.27
10	Cheng Ngan Yoke Mrs Emily Fong	863,000	0.23
11	Tay Puan Siong	800,000	0.21
12	Loh Fa Hin	583,000	0.15
13	Citibank Nominees Singapore Pte Ltd	566,000	0.15
14	Chin Khin Siong	517,000	0.13
15	Wong Liang Toon	479,000	0.12
16	UOB Kay Hian Pte Ltd	464,000	0.12
17	Tan Kow Meng	340,000	0.09
18	Low Chee Kong	323,000	0.08
19	Lee Ah Kee	312,000	0.08
20	Ang Bee Hiong	300,000	0.08
	Total	360,609,243	94.23

STATISTICS OF SHAREHOLDINGS

As at 18 March 2013

SUBSTANTIAL SHAREHOLDER AS AT 18 MARCH 2013

Substantial Shareholder	Number of Shares Direct Interest	Number of Shares Indirect Interest	Percentage of Issued shares
CROWN Speciality Packaging Investment Pte. Ltd.	326,031,243	–	85.19
CROWN Asia Pacific Holdings Pte. Ltd.	–	326,031,243	85.19
Société de Participations CarnaudMetalbox	–	326,031,243	85.19
Crown European Holdings	–	326,031,243	85.19
Crown Developpement	–	326,031,243	85.19
Crown Packaging Lux II S.àr.l.	–	326,031,243	85.19
Crown Packaging Lux I S.àr.l.	–	326,031,243	85.19
Crown International Holdings, Inc.	–	326,031,243	85.19
Crown Cork & Seal Company, Inc.	–	326,031,243	85.19
Crown Holdings, Inc.	–	326,031,243	85.19
Polaris Incorporations Limited	–	326,031,243	85.19
Pianissimo Ltd	–	326,031,243	85.19
SMP Investments (S) Pte Ltd	–	326,031,243	85.19

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of Superior Multi-Packaging Limited will be held at 7 Benoi Sector, Singapore 629842 on Monday, 29 April 2013 at 9.30 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements, the reports of the Directors and of the Auditors for the year ended 31 December 2012.

2. To re-elect the following Directors:

   (a) Mr Goh Hock Huat, retiring by rotation pursuant to Article 97 of the Company's Articles of Association.

   (b) Mr Salaerts Jozef, retiring by rotation pursuant to Article 97 of the Company's Articles of Association.

   (c) Dr Loh Han Tong, retiring by rotation pursuant to Article 97 of the Company's Articles of Association.

   (d) Mr Lye Thiam Fatt Joseph Victor, retiring by rotation pursuant to Article 97 of the Company's Articles of Association.

3. To re-appoint Mr Khong Heng Kin as Director of the Company to hold office until the next Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50.

4. To approve the payment of S$307,500 as Directors' Fees for the year ending 31 December 2013.

5. To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

6. Authority to grant options and issue shares pursuant to the exercise of options under the Superior Multi-Packaging (2001) Executives' Share Option Scheme (the "2001 Scheme")

   "That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the 2001 Scheme ("Options") and to allot and issue from time to time such number of ordinary shares of the Company ("Shares") as may be required to be issued pursuant to the exercise of the Options under the 2001 Scheme provided always that the aggregate number of Shares to be issued pursuant to the 2001 Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time."

7. Authority to Issue Shares

   That pursuant to Section 161 of the Companies Act, and the listing rules of the SGX-ST, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares, and for the purpose of this Resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issues, consolidation or subdivision of shares;

(2) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(3) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

8. To transact any other business that may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Juliana Lee Kim Lian
Liew Meng Ling
Company Secretaries

12 April 2013
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and a proxy need not be a Member of the Company.

2. The instrument appointing the proxy must be lodged at 7 Benoi Sector, Singapore 629842, not less than 48 hours before the time set for holding the Annual General Meeting.

Explanatory Notes:

1. Mr Goh Hock Huat, a non-executive director, if re-elected, will remain as a member of the Executive Committee and Audit Committee.

2. Mr Salaerts Jozef, a non-executive director, if re-elected, will remain as the Chairman of the Executive Committee and a member of the Nominating Committee and Executive Resource and Compensation Committee.

3. Dr Loh Han Tong, a non-executive director, if re-elected, will remain as a member of the Executive Committee.

4. Mr Lye Thiam Fatt Joseph Victor, an independent director, if re-elected, will remain as the Chairman of the Audit Committee and a member of the Nominating Committee and Executive Resource and Compensation Committee.

5. Mr Khong Heng Kin, an independent director, if re-appointed, will remain as the Chairman of the Nominating and Executive Resource and Compensation Committee and a member of the Audit Committee.

6. The Ordinary Resolution proposed in item 6 above, if passed, will empower the Directors of the Company to grant options and issue shares in the capital of the Company pursuant to the exercise of the options under the Superior Multi-Packaging (2001) Executives' Share Option Scheme up to an amount in aggregate not exceeding 15% of the issued shares (excluding treasury shares) of the Company.

7. The Ordinary Resolution proposed in item 7 above is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount of 50% of the total number of issued shares excluding treasury shares. 20% may be issued other than on a pro-rata basis.

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SUPERIOR MULTI-PACKAGING LIMITED
(Registration No. 197902249R)
(Incorporated in the Republic of Singapore)

PROXY FORM

For investors who have used their CPF monies to buy shares in the capital of Superior Multi-Packaging Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

CPF investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format with the Company's Registrar. (Please see note No. 8 overleaf).

I/We, ____

of ____

being a Member/Members of the above named Company, hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

as my/ our proxy/ proxies to attend and vote for me/ us on my/ our behalf and, if necessary, to demand a poll at the Thirty-Fourth Annual General Meeting of the Company to be held at 7 Benoi Sector, Singapore 629842 on Monday, 29 April 2013 and at any adjournment thereof in the manner indicated below:

No.	Resolution	For	Against
1	Adoption of Audited Financial Statements		
2(a)	To re-elect Mr Goh Hock Huat, a Director retiring by rotation under Article 97		
2(b)	To re-elect Mr Salaerts Jozef, a Director retiring by rotation under Article 97		
2(c)	To re-elect Dr Loh Han Tong, a Director retiring by rotation under Article 97		
2(d)	To re-elect Mr Lye Thiam Fatt Joseph Victor, a Director retiring by rotation under Article 97		
3	To re-elect Mr Khong Heng Kin, a Director retiring pursuant to Section 153(6) of the Companies Act, Cap. 50		
4	Approval of Directors' Fees for the year ending 31 December 2013		
5	Re-appointment of RSM Chio Lim LLP as Auditors		
6	Authority to grant options and issue shares pursuant to the Superior Multi-Packaging (2001) Executives' Share Option Scheme		
7	Authority to issue shares		
8	Any other business		

(Please indicate with a cross (x) in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of the Annual General Meeting. In the absence of specific directions, your proxy may vote or abstain as he/she thinks fit.)

Signed this ______ day of ___________________________ 2013.

Number of Shares Held

____

Signature(s) of Member(s)
(A corporation, if applicable, must also affix its common seal here.)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name on the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by you.

2. A Member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a Member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's place of business at 7 Benoi Sector, Singapore 629842, not less than 48 hours before the time set for the Meeting.

4. Where a Member appoints two proxies, the appointments shall be invalid unless he specifies the proportion (expressed as a percentage of the whole) of his shareholdings to be represented by each proxy.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

6. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

7. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of Members whose shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such Member is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time set for holding the Meeting as certified by CDP to the Company.

8. Agent Banks acting on the request of the CPF Investors who wish to attend the meeting as Observers are required to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and number of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company's Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, at least 48 hours before the time appointed for holding the Annual General Meeting.

速必雅包裝有限公司
Superior Multi-Packaging Limited
Registration No. 197902249R

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